



بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

*In the name of Allah, The Most Gracious, The Most Merciful*

24 June 2024 | 17 Dhu'l-H. 1445 AH

## **SHARIAH STATUS FOR INITIAL PUBLIC OFFERING (IPO) OF XI'AN KINGFAR PROPERTY SERVICES CO., LTD (1354)**

We, Sharlife Sdn Bhd, a Registered Shariah Advisers (Corporation) under the Securities Commission Malaysia, focusing on Islamic Capital Market products, alternative assets as well as Islamic Social Finance, we hereby acknowledge as follows:

- Name: **Xi'an Kingfar Property Services Co., Ltd**
- Stock Code: **1354**
- IPO: Global Offering
- Exchange: Hong Kong Exchange
- Financial Statement Year Ended: 2023

We have conducted a comprehensive Shariah Screening of **Xi'an Kingfar Property Services Co., Ltd** to determine the Shariah Status of its IPO. Due to the absence of a localized Shariah Screening Methodology in the region, we have adopted the Shariah Screening Methodology of the Shariah Advisory Council of the Securities Commission Malaysia which adopts a two-tier quantitative approach, which applies the business activity benchmarks and financial ratio benchmarks.

Based on our assessment conducted on the publicly available prospectus and to the best of our knowledge, we are of the opinion that the IPO of **Xi'an Kingfar Property Services Co., Ltd (1354)** is **Non-Compliance with Shariah**.

Details of our assessment can be reviewed in **Appendix I**.

والله أعلم

Issued by,  
**Sharlife Sdn. Bhd.**

A handwritten signature in black ink, appearing to read "Arham", is written over a horizontal line.

**Ustaz Arham Merican**  
**Shariah Consultant**

**Business Activity Benchmark Assessment**

The contribution of Shariah non-compliant (SNC) activities to the Group revenue before taxation of the company will be computed and compared against the relevant business activity benchmarks.

Xi'an Kingfar Property Services Co., Ltd. is a state-owned city service and property management provider in Shaanxi Province, with a strong presence in Northwest China. Specializing in public property management, municipal services, and residential and commercial property management, the company serves government agencies, property developers, and residents, with a track record of steady growth and a focus on long-term strategic partnerships.

**Operating Revenue**

| Segment                                  | Segment Revenue (RMB '000) | SNC Revenue | % SNC        | Description                                                                                                              | Result        |
|------------------------------------------|----------------------------|-------------|--------------|--------------------------------------------------------------------------------------------------------------------------|---------------|
| City services                            | 524,908                    | 0           | 0.00%        | Primarily include public property management services, municipal management services, and municipal value-added services | Passed        |
| Residential property management services | 184,170                    | 0           | 0.00%        | Comprise basic property management services and value-added services                                                     | Passed        |
| Commercial property management services  | 149,844                    | 0           | 0.00%        | Comprise basic property management services, and value-added services                                                    | Passed        |
| Others                                   | 3,325                      | 0           | 0.00%        | Derived from leasing an investment property                                                                              | Passed        |
| <b>TOTAL</b>                             | <b>862,247</b>             | <b>0</b>    | <b>0.00%</b> | <b>Property management services</b>                                                                                      | <b>Passed</b> |

**Non-Operating Revenue**

| Segment                                       | Segment Revenue (RMB '000) | SNC Revenue | % SNC         | Description             | Result        |
|-----------------------------------------------|----------------------------|-------------|---------------|-------------------------|---------------|
| Interest income                               | 614                        | 614         | 100.0%        | Subject to 5% benchmark | Failed        |
| Government grants                             | 1,745                      | 0           | 0.00%         | N/A                     | Passed        |
| Income from additional deduction on input VAT | 890                        | 0           | 0.00%         | N/A                     | Passed        |
| Others                                        | 584                        | 0           | 0.00%         | N/A                     | Passed        |
| <b>TOTAL</b>                                  | <b>3,833</b>               | <b>614</b>  | <b>16.02%</b> | <b>-</b>                | <b>Failed</b> |

| Revenue Classification    | SNC Revenue   |
|---------------------------|---------------|
| SNC Operating Revenue     | 0             |
| SNC Non-operating Revenue | 614           |
| Total SNC Revenue         | 614           |
| Total Revenue (Gross)     | 866,080       |
| % SNC Revenue             | 0.071%        |
| <b>STATUS</b>             | <b>PASSED</b> |

### **Financial Ratio Benchmark Assessment**

Cash over total assets: Cash in Conventional Account or any prohibited Financial Instrument

| Segment                  | Segment Amount (RMB '000) | Total Assets | % Ratio | Description              | Result         |
|--------------------------|---------------------------|--------------|---------|--------------------------|----------------|
| Cash at bank and on hand | 258,463                   | 649,873      | 39.77%  | Subject to 33% benchmark | Over 33% limit |
| <b>TOTAL</b>             | <b>258,463</b>            |              |         |                          | <b>FAILED</b>  |

Debt over total assets: Interest-Bearing Debt

| Segment           | Segment Amount (RMB '000) | Total Assets | % Ratio | Description              | Result           |
|-------------------|---------------------------|--------------|---------|--------------------------|------------------|
| Lease liabilities | 951                       | 649,873      | 0.15%   | Subject to 33% benchmark | Within 33% limit |
| <b>TOTAL</b>      | <b>951</b>                |              |         |                          | <b>PASSED</b>    |

## IPO Shariah Status

| Segment                     |      | Status        |
|-----------------------------|------|---------------|
| Business Activity Benchmark |      | <b>PASSED</b> |
| Financial Ratio Benchmark   | Cash | <b>FAILED</b> |
|                             | Debt | <b>PASSED</b> |
| <b>Result</b>               |      | <b>FAILED</b> |

**Disclosure**

This research is free to our clients and is grounded in presently available public information that we deem reliable. It is crucial to note that this research does not constitute an offer to sell or a solicitation of an offer to buy any security, particularly in jurisdictions where such actions would be considered illegal. Furthermore, it does not serve as a personalized recommendation and does not consider the individual investment objectives, financial situations, or needs of specific clients.

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