

GANGYU SMART URBAN SERVICES HOLDING LIMITED
港譽智慧城市服務控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 265)



2025
INTERIM REPORT

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CORPORATE INFORMATION

Honorary Chairman

Mr. Shi Baodong

Board of Directors

Executive Directors

Mr. Mo Yueming (*Chairman and Chief Executive Officer*)

Ms. Hao Ying

Mr. Xue Fei

Non-executive Directors

Mr. Suei Feng-jih (*Vice Chairman*) (Redesignated from independent non-executive director on 7 May 2025)

Mr. He Qi (Redesignated from independent non-executive director on 7 May 2025)

Independent Non-executive Directors

Mr. Lin Hua Rong, Harry

Ms. Juliett Jing Dong (Appointed on 7 May 2025)

Mr. Yao Gang (Appointed on 30 June 2025)

Audit Committee

Mr. Yao Gang (*Chairman*) (Appointed on 30 June 2025)

Mr. Lin Hua Rong, Harry

Ms. Juliett Jing Dong (Appointed on 7 May 2025)

Remuneration Committee

Mr. Lin Hua Rong, Harry (*Chairman*)

Mr. Mo Yueming

Ms. Juliett Jing Dong (Appointed on 7 May 2025)

Nomination Committee

Mr. Mo Yueming (*Chairman*)

Ms. Juliett Jing Dong (Appointed on 7 May 2025)

Mr. Yao Gang (Appointed on 30 June 2025)

Company Secretary

Ms. Lam Ling Fong (Appointed on 7 May 2025)

Independent Auditors

Forvis Mazars CPA Limited

Certified Public Accountants

42/F Central Plaza

18 Harbour Road

Wanchai

Hong Kong

CORPORATE INFORMATION

Principal Bankers

China Minsheng Banking Corporation Limited
Industrial and Commercial Bank of China (Asia) Limited

Registered Office

P.O. Box 31119
Grand Pavilion
Hibiscus Way
802 West Bay Road
Grand Cayman, KY1-1205
Cayman Islands

Principal Place of Business in Hong Kong

Room B03, 29/F
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18 Harcourt Road
Admiralty
Hong Kong

Share Registrar and Transfer Office in Hong Kong

Union Registrars Limited
Suites 3301-04, 33/F
Two Chinachem Exchange Square
338 King's Road
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Stock Code

265

Company's Website

www.gycsfw.com.cn

MANAGEMENT DISCUSSION AND ANALYSIS

The board (the “Board”) of directors (the “Director(s)”) of Gangyu Smart Urban Services Holding Limited (the “Company”, together with its subsidiaries the “Group”) is pleased to present the unaudited condensed consolidated results of the Group for the six months ended 30 June 2025 (the “Period”), together with comparative figures for the corresponding period in 2024 (the “Corresponding Period”).

Industry Overview, Business Strategy and Business Review

National policies continued to promote the sound development of the property management and environmental hygiene industries, align with the “14th Five-Year Plan”, continuously improving urban governance levels and reforming and perfecting the urban management system. Strengthen supervision to improve coverage, service quality, and standardization levels. In order to in line with national policies, our Group has adopted targeted measures by diversifying property management and environmental hygiene services, strengthening the evaluation mechanisms for practitioners, and actively promoting the use of technology to enhance service levels. This aims to meet the diverse living service needs of residents while adhering to our Group’s core corporate values of “People-Oriented and Sincere Service” (「以人為本，服務至誠」).

During the Period and the Corresponding Period, the Group was principally engaged in the property management and leasing services businesses for residential and commercial properties, the environmental hygiene businesses, the integrated development businesses, and the diversified tourism products and services businesses in the People’s Republic of China (the “PRC”).

Set out below is the industry overview and business strategy and review for each of the Group’s principal businesses during the Period.

Property Management Businesses

With the advancement of urbanization in the PRC over the years, coupled with residents’ increasing demands for quality of life, property management industry has encountered numerous opportunities, while also facing many problems, such as inconsistent service quality and pricing intransparency of the property management companies, the promotion of intelligent management, renovation of old residential areas and demands for green environmentally friendly practices. Therefore, the reform and innovation in the property management industry become necessary.

In the latest Two Sessions (全國兩會), which were held in March 2025, further efforts will be made to advance the property management industry towards more standardization, intelligence, and human-centered development. Property management companies need to proactively prepare their technological reserves and service innovations to adapt to changes in policy orientation and market demand. The new regulations will strengthen the supervision on property management companies, which must provide high-quality services as stipulated in contracts in order to establish a sound property management system and optimize the regulatory mechanism through service quality assessments. In terms of innovation, the new regulations encourage the property management industry to introduce new technologies and methods, such as utilizing big data, artificial intelligence for smart management of property management services and increasing service efficiency. Property management companies should target to better understand residents’ needs and provide diverse services to meet the varied demands of residents.

Small and medium sized property management companies maintain a certain competitive edge within specific regions through provision of flexible service models and actively exploring differentiated competition strategies. Our Group emphasizes on communication with the customers to provide more personalized services to stand out in competition. High-quality services can improve the customer satisfaction, increase customer loyalty and generate positive word-of-mouth effects. Therefore, enhancing service quality is the core of competition for property management companies.

MANAGEMENT DISCUSSION AND ANALYSIS

Hebei Gangyu Smart Property Management Services Company Limited* (河北港譽智慧物業服務有限公司, “Gangyu PMS”) and its subsidiaries (“Gangyu PMS Group”) are the Group’s flagship companies on the property management operations, which possess certifications of the ISO 9001 (Quality Management Systems), ISO 14001 (Environmental Management Systems) and ISO 45001 (Occupational Health and Safety Management Systems). Benefit from the comprehensive strength and service quality, Gangyu PMS won various awards for the fiscal year 2024, including but not limited to the following:

Award	Awarding Institution
2024 China’s Property Business Services Hundred Enterprises (二零二四中國物業企業服務力百強企業)	Cric (Shanghai) Information Technology Co., Limited (上海克而瑞資訊技術有限公司) and Beijing Zhongwu Research Association Information Technology Co., Ltd (北京中物研協資訊科技有限公司)
2024 Service Residential Benchmark Project* (二零二四年度服務力住宅標桿項目)	Cric (Shanghai) Information Technology Co., Limited (上海克而瑞資訊技術有限公司) and Beijing Zhongwu Research Association Information Technology Co., Ltd (北京中物研協資訊科技有限公司)
2024 Service Public Construction Benchmark Project* (二零二四年度服務力公建標桿項目)	Cric (Shanghai) Information Technology Co., Limited (上海克而瑞資訊技術有限公司) and Beijing Zhongwu Research Association Information Technology Co., Ltd (北京中物研協資訊科技有限公司)
2024 Excellent Projects of China Property Management* (二零二四中國物業管理卓越標桿項目)	Cric (Shanghai) Information Technology Co., Limited (上海克而瑞資訊技術有限公司) and Beijing Zhongwu Research Association Information Technology Co., Ltd (北京中物研協資訊科技有限公司)
2024 Environmental Hygiene Work Outstanding Team in Zhangjiakou City* (張家口市二零二四年度環境衛生工作優秀班組)	Zhangjiakou City Urban Administrative and Law Enforcement Bureau* (張家口市城市管理綜合行政執法局)
2024 Leading Companies in Property Management Industry in Hebei Province* (二零二四年度河北省物業管理行業先進單位)	Hebei Property Management Institute* (河北省物業管理行業協會)
2024 Famous Provincial Capital Brand on Property Management in Shijiazhuang City* (二零二四年度石家莊市物業管理省會知名品牌)	Shijiazhuang City Property Management Association* (石家莊市物業管理協會)
2024 Public Welfare Pioneer Co-construction Unit* (二零二四年公益先鋒共建單位)	Zijingyue City First Community Party Committee* (紫晶悅城第一社區黨委)

MANAGEMENT DISCUSSION AND ANALYSIS

During the Period, Gangyu PMS Group prioritized enhancing the service quality of their ongoing projects, which mainly included property management in hospitals, colleges, residential buildings, and government buildings. Numerous initiatives have been introduced to elevate service quality and enrich customer satisfaction in the Group through intensified training for front-line staff, competitive promotion systems, job rotation programs, and performance evaluations. These endeavors are directed toward cultivating the Group's sustainable long-term growth. The Group also provides residential customers with enhanced services through digitized platforms or apps, offering conveniences such as scheduling maintenance appointments, accessing information on community activities, and using a payment system for management fees.

Gangyu PMS Group worked towards maintaining its operational scale. As at 30 June 2025, a total contracted gross floor area of approximately 8.5 million square meters (31 December 2024: approximately 8.5 million square meters) was under the management of Gangyu PMS Group. Despite the competitive bidding, Gangyu PMS Group secured certain new projects mainly in public buildings, such as schools, primarily in Shijiazhuang City, Hebei Province, China. On the other hand, some service contracts during the second quarter of 2025, representing a total of approximately 0.2 million gross floor area, have expired and have not been renewed yet during the Period.

With the Group's effort in developing high-quality property management services, during the Period, the Group recorded revenue from property management businesses, including property management services and rental income, of approximately HK\$103.6 million (Corresponding Period: approximately HK\$98.6 million), representing an increase of approximately 5.1%.

Environmental Hygiene Businesses

The population growth and continuously increasing residents' demand for higher quality and more convenient environmental hygiene services as well as the emphasis of the Chinese government on the environmental hygiene industry and the advancement of environmental protection policies, which together, provide strong support for the development of environmental hygiene businesses. Furthermore, the improvement in the marketization of environmental hygiene services will further promote market competition, enhancing service quality and efficiency.

However, the environmental hygiene industry also faces some challenges, such as the costs of technology updates, human resources management, and the enforcement of environmental regulations. In order to address these challenges, industry participants need to continuously innovate and improve service levels to better seize market opportunities. The environmental hygiene business is expected to maintain a rapid growth trend in the coming years, showcasing vast development potential and prospects.

During the Period, the Group recorded revenue of approximately HK\$63.7 million from its environmental hygiene services businesses (Corresponding Period: approximately HK\$65.2 million), representing a decrease of approximately 2.3% as compared to the Corresponding Period. The decrease in revenue from environmental hygiene services businesses was mainly attributable to a decrease in sporadic contracts (services provided under non-tender contracts) in the environmental hygiene businesses for the Period.

Environmental hygiene companies are anticipated to encounter even more significant obstacles in maintaining their profit margins due to the escalating industry standards and compliance requirements. To navigate these challenges successfully, the Group intends to uphold its range of services, strengthen customer relationships, implement innovative mechanization strategies, and expand its current customer base at a suitable opportunity time to ensure consistent revenue growth. Adopting a cautious approach, the Group opted to wait until the economic situation improved before pursuing any substantial expansion in the environmental hygiene sector. Simultaneously, the Group will continue to implement cost control measures and provide training programs for employees in order to enhance operational efficiency, optimise work processes, and reduce administrative and operational costs.

MANAGEMENT DISCUSSION AND ANALYSIS

Integrated Development Businesses

During the Period, the Group's integrated development businesses included the operation and management of tourist attractions and cultural spots, the development and operation of tourism-related facilities, namely (i) tourism attractions-related services; and (ii) the provision of marketing, event planning and consulting services.

Tourism attractions-related services

The Group's non-wholly owned subsidiary Hebei Tu Men Travel Development Limited* (河北土門旅遊開發有限公司) ("Tu Men Travel") owns and operates a tourist attraction and cultural spots in Shijiazhuang City, Hebei Province, the PRC which generates tourism attractions related income.

Tu Men Travel recorded a revenue of approximately HK\$2.1 million for the Period (Corresponding Period: approximately HK\$3.9 million). The decline in revenue for Tu Men Travel can be attributed to high vacancy rates in the shopping arcade, increased competition from nearby villagers' autonomous businesses, and a lack of distinct and competitive offerings from certain merchants. These combined factors drove the decrease in revenue during the Period.

The Group also engaged in the development of tourism-related facilities in the PRC. During the Period, a piece of land located at Lot No. 2018-48, Dongtumen Village, Bailuquanxiang, Luquan District, Shijiazhuang City, Hebei Province, the PRC, with an aggregate area of 14,637 square meters, was under planning stage and was recognised as inventories in the Group's condensed consolidated financial statements as at 30 June 2025 in the carrying amount of approximately HK\$15.5 million (31 December 2024: approximately HK\$14.9 million).

Pursuant to an agreement dated 28 October 2021 entered into between the Group and the local government authority, a piece of land in Shijiazhuang City, Hebei Province, the PRC, with an aggregate area of approximately 21,647 square meters, which was recognised as inventories in the consolidated financial statements as at 31 December 2020 in the carrying amount of approximately HK\$102.3 million, was returned to the local government in 2021 in exchange for a compensation of approximately RMB85.0 million (equivalent to approximately HK\$102.2 million). As at 30 June 2025, the receivable balance from the government authority amounted to approximately RMB3.5 million (31 December 2024: approximately RMB3.5 million).

Tu Men Travel will focus on improving the vacancy rates in the shopping arcade, securing the renewal of rental contracts, and recovering outstanding payments from customers more effectively.

Provision of marketing, event planning and consulting services

The decline in the revenue from the provision of the marketing, event planning and consulting services of the Group since 2023 was due to the shift in sales and marketing strategy of Orient Victory Property Development Group Limited* (東勝房地產開發集團有限公司) and its subsidiaries, which were the major customers of these services in previous years. The Group did not record any revenue from marketing, event planning and consulting services during the Period and the Corresponding Period.

MANAGEMENT DISCUSSION AND ANALYSIS

Diversified Tourism Products and Services Businesses

The Group's diversified tourism products and services segment principally provided outbound travel-related services for the PRC-based customers.

As the Group focused on other businesses, such as property management and environmental hygiene, no revenue in this segment was recorded by the Group during the Period and the Corresponding Period. The Group will reassess the surrounding business environment from time to time and make appropriate arrangements for this business segment to achieve the best interest of the Company and its Shareholders as a whole.

Future Outlook

With the acceleration of urbanization as well as the rise in people's living standards in the PRC, it is expected that the property management and the environmental hygiene industries will maintain its growth trend. However, due to the continuous advancement of technology and information and rising in labour costs in the PRC, the Group is facing increasing pressure from operation costs. Therefore, more development opportunities for the businesses of the Group with intensive competitions and rising in operation costs will be expected in the coming years.

National policies and Chinese government have introduced a series of policies to promote the standardization and high-quality development of the property management industry. For example, the "Notice on Strengthening and Improving Residential Property Management Work" 《關於加強和改進住宅物業管理工作的通知》 clearly states the need to enhance the quality of property management services. The Group will continue to support the national policies by adjusting its marketing strategies in order to respond to the changes in market dynamics and swiftly meet government policies, as well as enhancing service quality, business growth, and customer loyalty.

With the widespread application of technologies such as the internet, big data, and artificial intelligence, the property management industry will gradually achieve intelligent and digital transformation. By applying intelligent systems and automated equipments, property management companies can realize remote monitoring and smart management of property facilities, improving management efficiency and service quality. Therefore, the Group needs to keep improving management efficiency, reducing operation costs and improving service quality to meet customers' demands and enhance market competitiveness. Meanwhile, the Group adheres to a prudent and practical operation strategy in the environmental hygiene segment, with all expenditures aimed at enhancing profit margin and customer satisfaction.

The property management industry will be strengthened by cross-industry cooperation and resource integration with other industries. Property management companies will actively seek collaboration opportunities with logistics, finance and environmental protection sectors to jointly create a smart community ecosystem. With the increasing awareness of environmental protection, promoting green development of property management services becomes an important trend in the industry. Companies with green property management capabilities will have a greater advantage in the market and will become a new focus of competition in the industry. Through cross-industry cooperation, property management companies can broaden their service areas, improve service quality, and simultaneously create more value for residents.

Looking forward, the Group will benefit from the urban planning in the PRC cities and continue to adopt prudent cash flow management, that is, adhere to seeking progress while maintaining stability, promoting stability through progress. A key successful strategy of the Group is to strategically acquire high-quality projects through bidding new contracts, for example, through the acquisition of properties for rental, while also engaging with high-performing potential clients to actively expand property management and environmental hygiene businesses.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Analysis

Operating Performance

Analysis by nature of revenue:

	For the six months ended 30 June			
	2025		2024	
	(unaudited)		(unaudited)	
	HK\$'000	%	HK\$'000	%
Property management businesses:				
Property management and leasing related services	103,558	61.1	98,564	58.8
Environmental hygiene businesses:				
Environmental hygiene services	63,696	37.6	65,249	38.9
Integrated development businesses:				
Tourism attractions-related income	2,127	1.3	3,928	2.3
Total	169,381	100.0	167,741	100.0

The Group recorded revenue of approximately HK\$169.4 million (Corresponding Period: approximately HK\$167.7 million) for the Period, representing an increase of approximately 1.0% as compared to the Corresponding Period.

The increase in revenue from property management businesses was mainly attributable to the successful bidding for certain new projects primarily in the public facilities during the Period. Details of the business performance of the property management businesses are set out in the sub-section headed “Property Management Businesses” under the section headed “Management Discussion and Analysis”.

The decrease in revenue from the environmental hygiene business during the Period was mainly due to the decrease in sporadic contracts (services provided under non-tender contracts) in the environmental hygiene businesses compared to the Corresponding Period. Further details of environmental hygiene business performance are set out in the sub-section headed “Environmental Hygiene Businesses” under the section headed “Management Discussion and Analysis”.

The decline in revenue from the Group’s integrated development businesses was mainly due to the increase in vacancy rates in the shopping arcade and keen competition from nearby villagers’ autonomous businesses in Tu Men Travel during the Period. Further details of the business performance of integrated development businesses are set out in the sub-section headed “Integrated Development Businesses” under the section headed “Management Discussion and Analysis”.

As the Group focused on other businesses, such as property management and environmental hygiene, no revenue in the diversified tourism products and services businesses was recorded by the Group during the Period and the Corresponding Period. Further details of the business performance of the diversified tourism products and services businesses are set out in sub-section headed “Diversified Tourism Products and Services Businesses” under the section headed “Management Discussion and Analysis”.

MANAGEMENT DISCUSSION AND ANALYSIS

Gross profit and gross profit margin

The Group recorded a gross profit of approximately HK\$45.4 million (Corresponding Period: approximately HK\$47.2 million) for the Period. The decrease in gross profit of the environmental hygiene and tourism attractions related income was partially offset by the increased gross profit from the property management business. The gross profit margin decreased by approximately 1.3 percentage points from approximately 28.1% for the Corresponding Period to approximately 26.8% for the Period.

The property management businesses recorded an increase in gross profit by approximately HK\$8.0 million from approximately HK\$25.6 million for the Corresponding Period to approximately HK\$33.6 million for the Period. The Group also recorded an increase in gross profit margin by approximately 6.4 percentage points from approximately 26.0% for the Corresponding Period to approximately 32.4% for the Period. The increase in gross profit and the gross profit margin in the property management businesses was mainly attributable to the successful bidding for certain new projects primarily in the public facilities in the Period together with the effective control on operation costs for the property management businesses.

The environmental hygiene businesses recorded a decrease in gross profit by approximately HK\$8.1 million from approximately HK\$18.1 million for the Corresponding Period to approximately HK\$10.0 million for the Period. The Group also recorded a decrease in gross profit margin by approximately 12.0 percentage points from approximately 27.7% for the Corresponding Period to approximately 15.7% for the Period. The decreases in gross profit and gross profit margin in the environmental hygiene businesses was primarily due to the combined effects of the decrease in sporadic contracts (services provided under non-tender contracts) in the environmental hygiene businesses, the expiration of an environmental hygiene services project of the Group in Hebei Province, the PRC, in the second quarter of 2024 and the increase in operation costs due to upgraded services provided.

The integrated development business recorded a decrease in gross profit by approximately HK\$1.7 million from approximately HK\$3.5 million for the Corresponding Period to approximately HK\$1.8 million for the Period. The Group also recorded a decrease in gross profit margin by approximately 7.5 percentage points from approximately 89.7% for the Corresponding Period to approximately 82.2% for the Period. The decline in gross profit was primarily resulted from high vacancy rates in the shopping arcade, increased competition from nearby villagers' autonomous businesses, and lack of distinct and competitive offerings from certain merchants in Tu Men Travel.

Profit for the Period

Profit for the Period amounted to approximately HK\$15.2 million (Corresponding Period: approximately HK\$23.8 million). Except for the factors mentioned above that impacted the Group's profit for the Period, the decrease in profits for the Period was mainly attributable to (i) the increase in loss in fair value changes on investment properties of approximately HK\$4.3 million; (ii) the decrease in bank interest income received by the Group; and (iii) the drop in the gross profit of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

Assets Structure

As at 30 June 2025 and 31 December 2024, the Group's assets mainly included property, plant and equipment and right-of-use assets, investment properties, investments in an associate, inventories, trade receivables, contract assets, prepayments, deposits and other receivables, amount due from an associate, time deposits with original maturity over three months, and cash and cash equivalents, details of which are set out below:

- i. Property, plant and equipment, and right-of-use assets of approximately HK\$133.3 million (31 December 2024: approximately HK\$139.9 million) as at 30 June 2025, in aggregate, mainly represented (i) properties and other equipment of the tourist attraction and cultural spots owned by Tu Men Travel in the net carrying amount of approximately HK\$104.1 million (31 December 2024: approximately HK\$103.0 million); and (ii) vehicles and other equipment of the Group's environmental hygiene businesses in the net carrying amount of approximately HK\$23.1 million (31 December 2024: approximately HK\$29.6 million), which were mainly acquired to cope with the Group's environmental hygiene operating projects.
- ii. Investment properties of approximately HK\$75.5 million (31 December 2024: approximately HK\$76.0 million) as at 30 June 2025 mainly represented fair values of the right-of-use assets of commercial properties located in Shijiazhuang City, Hebei Province, the PRC leased by the Group from property owners to earn rentals.
- iii. Investments in an associate of approximately HK\$23.4 million (31 December 2024: approximately HK\$22.7 million) as at 30 June 2025 represented the Group's 40% equity interest in Zhangjiakou Dakun Zhifang Real Estate Development Co., Limited* (張家口大坤直方房地產開發有限公司) ("Dakun Zhifang"). Dakun Zhifang owns a piece of land located at Wanlong Road, Huangtuzui Village, Xiwanzi Town, Chongli District, Zhangjiakou City, Hebei Province, the PRC with an aggregate area of 79,039 square meters, which was under the preliminary development stage (the "Development Project") with "Certificate of Permitting Construction and Engineering Planning*" ("建設工程規劃許可證") obtained in September 2021, and was recognised as investment properties and inventories in the books of Dakun Zhifang as at 30 June 2025 in the carrying amounts of approximately HK\$116.1 million and approximately HK\$93.5 million respectively (31 December 2024: approximately HK\$112.6 million and approximately HK\$90.7 million respectively).

In response to the economic uncertainties stemming from the COVID-19 pandemic, which led to subdued private investment, declining consumer confidence, and high youth unemployment rates in recent years, the Group suspended the Development Project. The Group now requires an extended period to carefully evaluate the feasibility of recommencing the Development Project. The determination to proceed hinges on assessing the potential returns and the necessity for additional capital investment. Simultaneously, the Group proactively explores alternative exit strategies to mitigate and avoid potential challenges.

As at 30 June 2025, amount due from Dakun Zhifang to the Company (the "Advances"), which were recorded as a non-interest bearing demand loan when Dakun Zhifang was a subsidiary of the Company, was approximately HK\$57.9 million (31 December 2024: approximately HK\$56.2 million).

- iv. Inventories of approximately HK\$15.6 million (31 December 2024: approximately HK\$15.1 million) as at 30 June 2025 mainly represented the carrying amount of a piece of land in Shijiazhuang City, Hebei Province, the PRC with an aggregate area of 14,637 square meters under the planning stage of approximately HK\$15.5 million (31 December 2024: approximately HK\$14.9 million).

MANAGEMENT DISCUSSION AND ANALYSIS

- v. Trade receivables of approximately HK\$166.8 million (31 December 2024: approximately HK\$158.5 million) as at 30 June 2025 were derived from (i) the environmental hygiene segment of approximately HK\$108.3 million (31 December 2024: approximately HK\$103.7 million); (ii) the property management segment of approximately HK\$57.6 million (31 December 2024: approximately HK\$52.3 million); and (iii) the marketing, event planning and consulting services under the integrated development segment of approximately HK\$0.9 million (31 December 2024: approximately HK\$2.5 million). The increase in the trade receivables balance of the Group was primarily a result of specific customers in the property management and environmental hygiene sectors delaying their payments due to their cash flow challenges.
- vi. Contract assets of approximately HK\$26.1 million (31 December 2024: approximately HK\$16.9 million) as at 30 June 2025 are trade receivables that still need to be invoiced, specifically from customers who were government authorities in the environmental hygiene segment as they maintain stringent procedures to validate the work performed by the Group. Upon customer confirmation of the service quality and completion of the service provided by the Group, invoices will be issued to these customers. Subsequently, these invoiced receivables will be classified as trade receivables.
- vii. Prepayments, deposits and other receivables, amounts due from related companies and amount due from an associate of approximately HK\$80.5 million (31 December 2024: approximately HK\$110.3 million) as at 30 June 2025 mainly represented (i) the Advances of approximately HK\$57.9 million (31 December 2024: approximately HK\$56.2 million); (ii) receivables of approximately HK\$3.9 million (31 December 2024: approximately HK\$3.8 million) for the return of the piece of land in Shijiazhuang City, Hebei Province, the PRC (“Receivables from the Expropriation of Shijiazhuang Land”) with an aggregate area of approximately 21,647 square meters; and (iii) the aggregate of the consideration paid and the compensation for the termination of the acquisition of 47 commercial units from Zijingyuehe Centre, located at 17th Floor and 18th Floor, building number 1 Zijingyuehe Centre (South Zone), 2 Fengya Road, Changan District, Shijiazhuang City, Hebei Province, the PRC* (中國河北省石家莊市長安區豐雅路2號紫晶悅和中心南區) of approximately HK\$nil million (31 December 2024: approximately HK\$26.5 million).
- viii. Time deposits with original maturity over three months and cash and cash equivalents were approximately HK\$110.4 million (31 December 2024: approximately HK\$86.4 million) as at 30 June 2025. The increase was mainly attributable to the net cash generated from operating activities but partially offset by repayment of lease liabilities and the distributions paid to the holders of perpetual convertible securities during the Period.

MANAGEMENT DISCUSSION AND ANALYSIS

Liabilities Structure

As at 30 June 2025 and 31 December 2024, the Group's liabilities mainly included trade payables, contract liabilities, other payables and lease liabilities, details of which are set out below:

- i. Trade payables and contract liabilities of approximately HK\$58.3 million (31 December 2024: approximately HK\$62.3 million) as at 30 June 2025 mainly derived from (i) the property management segment of approximately HK\$36.8 million (31 December 2024: approximately HK\$38.3 million); (ii) the environmental hygiene segment of approximately HK\$16.5 million (31 December 2024: approximately HK\$18.2 million); and (iii) the marketing, event planning and consulting services under the integrated development segment of approximately HK\$5.0 million (31 December 2024: approximately HK\$5.8 million). The decrease in these trade payables and contract liabilities was primarily due to the accelerated repayment of the environmental hygiene segment during the Period.
- ii. Other payables of approximately HK\$53.3 million (31 December 2024: approximately HK\$63.0 million) as at 30 June 2025 mainly consisted of (i) advance and deposits payable to customers and accrued salaries and retirement contributions in the total sum of approximately HK\$26.9 million (31 December 2024: approximately HK\$26.9 million) arising out of the property management segment; (ii) the integrated development segment of approximately HK\$15.4 million (2024: approximately HK\$15.0 million), which mainly comprised the land and construction costs payable and consideration payable regarding the acquisition of Tu Men Travel; and (iii) advance payable to customers and accrued salaries and retirement contributions in the total sum of approximately HK\$9.1 million (31 December 2024: approximately HK\$17.7 million) arising out of the environment hygiene segment.
- iii. Lease liabilities of approximately HK\$42.3 million (31 December 2024: approximately HK\$46.4 million) as at 30 June 2025 were comprised of lease liabilities of the right-of-use assets of approximately HK\$42.3 million (31 December 2024: approximately HK\$45.5 million) in respect of the commercial properties located in Shijiazhuang City, Hebei Province, the PRC leased by the Group from property owners to earn rental incomes.

Liquidity and Financial Resources

The Group adopts conservative treasury policies and controls tightly over its cash and risk management. During the Period, the Group's operations and investments were supported by internal resources.

As at 30 June 2025, the Group had a current ratio (calculated by dividing current assets by the current liabilities) of approximately 3.0 (31 December 2024: approximately 2.6).

As the Group had no bank and other borrowings as at 30 June 2025 and 31 December 2024, gearing ratio (calculated by dividing net debt (defined as bank and other borrowings net of cash and cash equivalents) by total equity) was not applicable to the Group as at 30 June 2025 and 31 December 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

Foreign Exchange Exposure

The majority of the subsidiaries of the Group operate in the PRC, with most of the transactions denominated and settled in RMB. Fluctuations in exchange rates would impact the Group's net asset value due to currency translation in the preparation of the Group's consolidated accounts. If RMB appreciates/depreciates against HK\$, the Group would record a(n) increase/decrease in the Group's net asset value. The Group did not use derivative financial instruments to hedge against its foreign currency risk during the Period.

Capital Commitment

As at 30 June 2025, the Group had capital commitment relating to the investment in an equity security of approximately HK\$16.4 million (31 December 2024: approximately HK\$15.9 million).

Material Acquisition, Investments and Disposal

The Group had no significant investments, material acquisition and disposal of subsidiaries and associated companies during the Period.

Pledge of Assets

As at 30 June 2025 and 31 December 2024, none of the Group's assets were pledged.

Material Contingent Liabilities

As at 30 June 2025 and 31 December 2024, the Group had no material contingent liabilities.

Number and Remuneration of Employees

As at 30 June 2025, the total number of employees of the Group was approximately 2,400 (30 June 2024: approximately 2,100). Staff costs (including Directors' emoluments) of approximately HK\$43.6 million (Corresponding Period: approximately HK\$48.4 million) were incurred during the Period.

In addition to salary, other fringe benefits, such as medical insurance and mandatory provident fund schemes for employees, are offered to all employees of the Group. The employees' performance is normally reviewed annually with adjustments to their salaries that are comparable to those of the market. Individual employees may also receive a discretionary bonus at the end of each year based on their individual performance.

The Group operates its business mainly in the PRC. The PRC-based employees of the Group participate in various defined contribution retirement benefit plans operated by the relevant municipal and provincial governments in the PRC (the "PRC Retirement Scheme") in accordance with the rules and regulations. The Group's subsidiaries, which operate in the PRC, must make monthly contributions to these plans, which are calculated as a percentage of the employees' salaries. The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC-based employees payable under the plans described above. Other than the monthly contributions, the Group has no further obligation to pay retirement and other post-retirement benefits to its employees. The assets of these plans are held separately from those of the Group in independently administrated funds managed by the PRC government.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group has joined the Mandatory Provident Fund Scheme under the Mandatory Provident Fund Scheme Ordinance (Cap. 485 of the Laws of Hong Kong) (the “MPF Scheme”) for all employees in Hong Kong. The contributions to the MPF Scheme are based on the minimum statutory contribution requirement of the lower of 5% of eligible employees’ relevant aggregate income and HK\$1,500 per month. The funds of the MPF Scheme are held separately from those of the Group.

There are no provisions under the PRC Retirement Scheme and MPF Scheme whereby forfeited contributions may be used to reduce future contributions.

In addition, the Company adopted a share award scheme (granting existing Shares only) on 30 May 2025 (the “Share Award Scheme”) as incentives or rewards for eligible participants for encouraging them to contribute to the long-term growth, performance and profits of the Company and to enhance the value of the Company and its Shares for the benefit of the Company and the Shareholders as a whole. As at the date of this report, no share awards have been granted under the Share Award Scheme. For details, please refer to a voluntary announcement of the Company dated 30 May 2025.

Interim Dividend

The Board does not recommend the payment of any interim dividend for the Period (Corresponding Period: nil).

Important Events Since the End of the Period

On 26 August 2025, the Group entered into a share transfer agreement with China Comfort International Tourism Group Company Limited (中國康輝國際旅遊集團有限公司) (“China Comfort”), a connected person of the Company at subsidiary level, in relation to the acquisition of all the shares held by China Comfort (i.e. 49%) in Hong Kong Orient Victory China Cultural & Tourism Industrial Development Limited (“HKOVCTID”), a non-wholly owned subsidiary of the Company, at the consideration of RMB2,627,000 (equivalent to approximately HK\$ 2,876,000) which had been determined based on the valuation assessed by an independent valuer. As at the date of this report, HKOVCTID is owned as to 49% by China Comfort and 51% by the Group. Upon completion of the acquisition, HKOVCTID will be wholly-owned by the Group. As all the applicable percentage ratios (other than the profits ratio) are less than 5% and the total consideration is less than HK\$3,000,000, the acquisition is a fully exempt transaction under Rule 14A.76 of the Listing Rules.

Save as disclosed above, no important events affecting the Group have occurred since the end of the Period and up to the date of this interim report.

* denotes an English translation of the Chinese name for identification purpose only.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Purchase, Sale or Redemption of the Company's Listed Securities

During the Period, the Company did not redeem any of its shares listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), nor did the Company or any of its subsidiaries purchase or sell any such shares.

Board Changes and Changes in Directors' Information under Rule 13.51B(1) of the Listing Rules

During the Period and up to the date of this report, there have been changes to the Board and Directors' information as follows:

1. Mr. Shi Baodong ("Mr. Shi") is the honorary chairman of the Board and a senior consultant. Mr. Shi entered into a consultancy agreement with a subsidiary of the Company, for a term of 1 year commencing on 28 June 2025 (i.e. until 27 June 2026) (both dates inclusive) and he is entitled to an annual consultancy fee of HK\$2,200,000.
2. Mr. He Qi ("Mr. He") has been re-designated from an independent non-executive Director to a non-executive Director with effect from 7 May 2025. Mr. He is entitled to a director's fee of HK\$150,000 per annum.
3. Mr. Sui Feng-jih ("Mr. Sui") has been re-designated from an independent non-executive Director to a non-executive Director and has been appointed as the vice chairman of the Board with effect from 7 May 2025. Mr. Sui is entitled to a director's fee of HK\$200,000 per annum (including his remuneration for acting as vice chairman of the Board).
4. Ms. Juliett Jing Dong (formerly known as Ms. Jing Dong) ("Ms. Dong") has been appointed as (i) an independent non-executive Director; (ii) a member of the audit committee of the Board (the "Audit Committee"); (iii) a member of the remuneration committee of the Board (the "Remuneration Committee"); and (iv) a member of the nomination committee of the Board (the "Nomination Committee"), without a specific term, all with effect from 7 May 2025. Ms. Dong is entitled to a director's fee of HK\$150,000 per annum.
5. Mr. Yao Gang ("Mr. Yao") has been appointed as (i) an independent non-executive Director; (ii) the chairman of the Audit Committee; and (iii) a member of the Nomination Committee, without a specific term, all with effect from 30 June 2025. Mr. Yao is entitled to a director's fee of HK\$150,000 per annum.

Save as disclosed above, during the Period, there was no other change in information of Directors which is required to be disclosed pursuant to paragraphs (a) to (e) and (g) of rule 13.51 (2) of the Listing Rules.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30 June 2025, the interests and short positions of the Directors and chief executive of the Company in the ordinary shares (the "Shares"), underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance, Chapter 571 of the laws of Hong Kong (the "SFO")) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including long and short positions which were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered into the register maintained by the Company; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 of the Listing Rules were as follows:

Name of Director	Capacity	Number of Shares/ underlying shares of the Company held	Approximate percentage of shareholding in the Company ^(Note)
Mr. Xue Fei	Beneficiary owner	18,000	0.01%

Note: The approximate percentage was calculated based on 258,441,510 Shares in issue as at 30 June 2025.

Save as disclosed above, as at 30 June 2025, none of the Directors or chief executive of the Company has or is deemed to have any long or short position in the Shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including long and short positions which were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered into the register maintained by the Company; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Director's Rights to Acquire Shares or Debentures

Save as disclosed above, at no time during the Period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director of their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company and any its subsidiaries a party to any arrangement to enable the Directors, or their respective spouse or children under 18 years of age, to acquire such rights in any other body corporate.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares

As at 30 June 2025, to the best knowledge of the Directors, the following entities (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying shares of the Company which fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of Shareholder	Capacity	Number of Shares/ underlying shares of the Company held	Approximate percentage of shareholding in the Company (Note 4)
Mr. Shi	Beneficial owner Interest in controlled corporation	2,604,782 160,465,320 ^(Note 1)	1.01% 62.09%
Orient Victory Real Estate Group Holdings Limited (東勝置業集團控股 有限公司) ("OVRE") ^(Note 1)	Beneficial owner	160,465,320	62.09%
Outstanding Global Holdings Limited ("OGH") ^(Note 2)	Person having security interests in Shares of the Company	130,025,474	50.31%
Chance Talent Management Limited ("CTM") ^(Note 3)	Person having security interests in Shares and perpetual convertible securities of the Company	132,600,897	51.31%

Notes:

- OVRE is wholly owned by Mr. Shi. The security interests include holding (i) 157,889,897 Shares and (ii) the 2016 March PCS convertible into 2,575,423 Shares.
- OGH is wholly-owned by China Huarong International Holdings Limited, which is indirectly wholly-owned by China CITIC Financial Asset Management Co., Ltd. (Formerly known as China Huarong Asset Management Co., Ltd.) (a corporation listed on the Stock Exchange (stock code: 2799)). The security interests are 130,025,474 Shares pledged by OVRE.
- CTM is a limited liability business company incorporated under the laws of the British Virgin Islands and an indirectly wholly-owned special purpose vehicle of CCB International (Holdings) Limited. CCB International (Holdings) Limited is an investment services flagship that is indirectly wholly-owned by China Construction Bank Corporation, a joint-stock company incorporated in the PRC with limited liability and listed on the Main Board of the Stock Exchange (stock code: 0939) and the Shanghai Stock Exchange (stock code: 601939). The 130,600,897 Shares, in the aggregate, comprise security interests in (i) 130,025,474 Shares pledged by OVRE and (ii) the 2016 March PCS (convertible into 2,575,423 Shares) pledged by OVRE.
- The approximate percentage was calculated based on 258,441,510 Shares in issue as at 30 June 2025.

Save as disclosed above, as at 30 June 2025, the Directors and the chief executive of the Company are not aware of any other person or corporation having an interest or short positions in the Shares or underlying shares of the Company which would require disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Corporate Governance Code

The Company had complied with all applicable code provisions as in force during the Period under the “Corporate Governance Code” (the “CG Code”) contained in Appendix C1 of the Listing Rules throughout the Period except for deviation from code provision C.2.1 of the CG Code.

Under code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separated and not be performed by the same individual. Despite the responsibilities of the chairman and chief executive officer of the Company vested in Mr. Mo Yueming during the Period, all major decisions are made in consultation with the Board. The Board considers that there is a sufficient balance of power, and the current corporate arrangement maintains a strong management position of the Company.

Save for the above, the Company had complied with all code provisions as set out in the CG Code throughout the Period and, where appropriate, the applicable recommended best practices of the CG Code.

Non-Compliance with the Listing Rules

During the Period, following the re-designation of Mr. He and Mr. Sui from independent non-executive Directors to non-executive Directors on 7 May 2025 (collectively the “Re-designation”), Mr. He has ceased to be a member of each of the Audit Committee and the Nomination Committee, while Mr. Sui has ceased to be the chairman of the Audit Committee and a member of each of the Nomination Committee and the Remuneration Committee. As no appropriate directors had been appointed to fill the casual vacancies at the time of the Re-designation, the Company was not in compliance with (i) Rule 3.10(1) of the Listing Rules which stipulates that the Board must include at least three independent non-executive directors; (ii) Rule 3.21 of the Listing Rules, which stipulates that the Audit Committee must comprise a minimum of three members and at least one of whom is an independent non-executive director with appropriate professional qualifications or accounting or related financial management expertise; and (iii) Rule 3.27A of the Listing Rules, which stipulates that an issuer must establish a nomination committee chaired by the chairman of the board or an independent non-executive director and comprising a majority of independent non-executive directors.

Pursuant to Rules 3.11 and 3.27 of the Listing Rules, the Company must appoint appropriate persons to fill the vacancies as soon as possible within three months from the date of the Re-designation. On 30 June 2025, Mr. Yao was appointed as (i) an independent non-executive Director; (ii) the chairman of the Audit Committee; and (iii) a member of the Nomination Committee, thereby ensuring the Company’s compliance with Rules 3.10(1), 3.21 and 3.27A of the Listing Rules.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code as set out in Appendix C3 of the Listing Rules as its own code of conduct for dealings in securities of the Company by the Directors. Specific enquiries have been made with all the Directors, who have confirmed that they complied with the required standards as set out in the Model Code throughout the Period.

The Company’s employees, who are likely to possess inside information about the Company, have also been subject to the Model Code for securities transactions. The Company has not observed non-compliance with the Model Code by its employees throughout the Period.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Audit Committee and Review of Interim Results

The Company has established an Audit Committee with written terms of reference in compliance with the Listing Rules. The Audit Committee presently comprises three independent non-executive Directors, namely Mr. Yao (being the chairman of the Audit Committee), Mr. Lin Hua Rong, Harry, and Ms. Dong. The Audit Committee is primarily responsible for reviewing and providing supervision over the financial reporting procedure and internal control of the Group. The interim results of the Group for the Period have not been audited, but have been reviewed by the Audit Committee. The Audit Committee considers that appropriate accounting policies have been adopted, and the applicable requirements of the Listing Rules have been complied with, in the preparation of relevant results, and sufficient disclosures have been made.

Appreciation

The Board would like to express its sincere thanks to our Shareholders and business partners for their continuous support and to our staff for their dedication and hard work throughout the Period.

By Order of the Board

Gangyu Smart Urban Services Holding Limited

Mo Yueming

*Chairman, Chief Executive Officer
and Executive Director*

Hong Kong, 26 August 2025

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2025
(expressed in Hong Kong dollars ("HK\$"))

		For the six months ended 30 June	
	Notes	2025 (unaudited) HK\$'000	2024 (unaudited) HK\$'000
Revenue	3	169,381	167,741
Cost of sales and services		(124,013)	(120,555)
Gross profit		45,368	47,186
Other income		988	3,563
Selling, general and administrative expenses		(20,441)	(22,835)
Share of results of an associate		(1)	(52)
Fair value changes on investment properties		(9,844)	(5,572)
Finance costs	4	(977)	(848)
Profit before taxation	5	15,093	21,442
Income tax	6	104	2,390
Profit for the period		15,197	23,832
Profit (loss) for the period attributable to:			
Equity holders of the Company		15,132	24,017
Non-controlling interests		65	(185)
		15,197	23,832
			(Restated)
Basic and diluted earnings per share	7	HK5.04 cents	HK3.99 cents

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2025
(expressed in HK\$)

	For the six months ended 30 June	
	2025	2024
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Profit for the period	15,197	23,832
Other comprehensive income (loss)		
<i>Items that are reclassified or may be reclassified subsequently to profit or loss:</i>		
– Exchange differences on translation of foreign operations	13,321	(13,583)
– Exchange difference on translation of share of other comprehensive income of an associate	719	(647)
	14,040	(14,230)
Total comprehensive income for the period	29,237	9,602
Attributable to:		
– Equity holders of the Company	28,628	10,256
– Non-controlling interests	609	(654)
Total comprehensive income for the period	29,237	9,602

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2025
(expressed in HK\$)

	Notes	30 June 2025 (unaudited) HK\$'000	31 December 2024 (audited) HK\$'000
Non-current assets			
Goodwill		–	–
Property, plant and equipment	8	107,756	114,348
Investment properties		75,506	75,984
Right-of-use assets		25,582	25,585
Intangible assets		72	78
Investments in an associate		23,405	22,686
Deferred tax assets		5,847	4,933
		238,168	243,614
Current assets			
Inventories		15,600	15,059
Trade receivables	9	166,846	158,467
Contract assets		26,135	16,854
Amount due from an associate		57,944	56,185
Prepayments, deposits and other receivables		22,570	54,114
Time deposits with original maturity over three months		12,944	–
Cash and cash equivalents		97,408	86,350
		399,447	387,029
Current liabilities			
Trade payables	10	31,630	32,570
Contract liabilities		26,644	29,683
Other payables		53,296	62,964
Tax payable		14,385	15,171
Lease liabilities		8,368	9,047
		134,323	149,435
Net current assets		265,124	237,594
Total assets less current liabilities		503,292	481,208

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2025
(expressed in HK\$)

	Notes	30 June 2025 (unaudited) HK\$'000	31 December 2024 (audited) HK\$'000
Non-current liabilities			
Lease liabilities		33,942	37,313
Deferred tax liabilities		9,133	10,344
		43,075	47,657
NET ASSETS		460,217	433,551
Capital and reserves			
Share capital	11	64,610	64,610
Perpetual convertible securities	13	55,668	55,668
Reserves		233,790	207,262
Equity attributable to equity holders of the Company		354,068	327,540
Perpetual bonds	14	80,000	80,000
Non-controlling interests		26,149	26,011
TOTAL EQUITY		460,217	433,551

Approved and authorised for issue by the board of directors on 26 August 2025.

Mo Yueming
Chairman

Xue Fei
Executive Director

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2025
(expressed in HK\$)

	Attributable to equity owners of the Company						Non-controlling interests (unaudited) HK\$'000	Total equity (unaudited) HK\$'000
	Share capital (unaudited) HK\$'000	Share premium (unaudited) HK\$'000	Perpetual convertible securities (unaudited) HK\$'000	Exchange reserve (unaudited) HK\$'000	Other reserve (unaudited) HK\$'000	Accumulated losses (unaudited) HK\$'000		
At 1 January 2024	64,610	636,071	296,274	(40,150)	(2,760)	(359,230)	594,815	622,136
Profit (Loss) for the period	-	-	-	-	-	24,017	24,017	23,832
Other comprehensive loss	-	-	-	(13,761)	-	-	(13,761)	(14,230)
Total comprehensive income (loss) for the period	-	-	-	(13,761)	-	24,017	10,256	9,602
Transactions with owners:								
<i>Contribution and distribution</i>								
Dividend paid to non-controlling interests	-	-	-	-	-	-	(473)	(473)
Distributions to holders of perpetual convertible securities	-	-	-	-	-	(24,213)	-	(24,213)
Equity-settled share-based transactions	-	159	-	-	-	-	159	159
	-	159	-	-	-	(24,213)	(473)	(24,527)
At 30 June 2024	64,610	636,230	296,274	(53,911)	(2,760)	(359,426)	581,017	607,211

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2025
(expressed in HK\$)

	Attributable to equity owners of the Company							Non-		Total equity (unaudited) HK\$'000
	Share capital (unaudited) HK\$'000	Share premium (unaudited) HK\$'000	Perpetual convertible securities (unaudited) HK\$'000	Exchange reserve (unaudited) HK\$'000	Other reserve (unaudited) HK\$'000	Accumulated losses (unaudited) HK\$'000	Total (unaudited) HK\$'000	Perpetual bonds (unaudited) HK\$'000	controlling interests (unaudited) HK\$'000	
At 1 January 2025	64,610	636,144	55,668	(56,261)	(2,760)	(369,861)	327,540	80,000	26,011	433,551
Profit for the period	-	-	-	-	-	15,132	15,132	-	65	15,197
<i>Other comprehensive income</i>										
Exchange differences on translation of foreign operations	-	-	-	13,496	-	-	13,496	-	544	14,040
Total comprehensive income for the period	-	-	-	13,496	-	15,132	28,628	-	609	29,237
Transactions with owners:										
<i>Contribution and distribution</i>										
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	(471)	(471)
Distributions to holders of perpetual convertible securities	-	-	-	-	-	(2,100)	(2,100)	-	-	(2,100)
	-	-	-	-	-	(2,100)	(2,100)	-	(471)	(2,571)
At 30 June 2025	64,610	636,144	55,668	(42,765)	(2,760)	(356,829)	354,068	80,000	26,149	460,217

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2025
(expressed in HK\$)

	For the six months ended 30 June	
	2025 (unaudited) HK\$'000	2024 (unaudited) HK\$'000
Net cash generated from operating activities	15,453	60,989
Net cash used in investing activities	(61)	(3,898)
Net cash used in financing activities	(7,598)	(30,162)
Net increase in cash and cash equivalents	7,794	26,929
Cash and cash equivalents at 1 January	86,350	201,373
Effect of foreign exchange rate changes	3,264	1,806
Cash and cash equivalents at 30 June	97,408	230,108

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025
(expressed in HK\$ unless otherwise indicated)

1. General

The Company is an exempted limited company incorporated in the Cayman Islands and its shares (“Shares”) are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The address of the registered office and principal place of business of the Company is located at P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Islands and Room B03, 29/F., Tower 1 Admiralty Centre, 18 Harcourt Road, Admiralty, Hong Kong respectively.

During the Period, the Group is principally engaged in the property management and leasing services businesses for residential and commercial properties, the environmental hygiene businesses, the integrated development businesses and the diversified tourism products and services businesses. In the opinion of the Directors, the immediate and ultimate holding company of the Company is Orient Victory Real Estate Group Holdings Limited (東勝置業集團控股有限公司), which is incorporated in the British Virgin Islands and is wholly-owned by Mr. Shi Baodong (“Mr. Shi”), the controlling shareholder of the Company.

The unaudited condensed consolidated financial statements are presented in Hong Kong Dollars (“HK\$”), which is also the functional currency of the Group, except for the subsidiaries established in the People’s Republic of China (the “PRC”) whose functional currency are Renminbi (“RMB”). All amounts have been rounded to the nearest thousand, unless otherwise indicated.

2. Basis of preparation

The condensed consolidated interim financial statements of the Group for the Period (the “Interim Financial Statements”) are unaudited but have been reviewed by the audit committee of the Company. These Interim Financial Statements have been prepared in accordance with the applicable disclosure requirements of Appendix D2 of the Rules Governing the Listing of Securities (the “Listing Rules”) on the Stock Exchange and Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants.

The Interim Financial Statements have been prepared under the historical cost basis, except for investment properties which are measured at fair values. The Interim Financial Statements should be read in conjunction with the Group’s consolidated financial statements for the year ended 31 December 2024 (the “2024 Annual Financial Statements”). The accounting policies adopted in the Interim Financial Statements are consistent with those applied in the preparation of the 2024 Annual Financial Statements, except for the adoption of the new/revised HKFRS Accounting Standards (“HKFRSs”), which are relevant to the Group’s operation and are effective for the Group’s financial year beginning on 1 January 2025 as described below.

Amendments to HKAS 21

Lack of Exchangeability

The adoption of the new/revised HKFRS Accounting Standards has no material impact on the Group’s results and financial position for the current or prior periods and does not result in any significant change in accounting policies of the Group.

The Group has not early adopted any new/revised HKFRS Accounting Standards that have been issued but are not yet effective for the financial period beginning on 1 January 2025.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025
(expressed in HK\$ unless otherwise indicated)

3. Revenue and segment reporting

(a) Revenue

Revenue represents the consideration received or expected to be received in respect of the transfer of goods and services in accordance with HKFRS 15, and rental income derived from the leasing services, which is recognised under the scope of HKFRS 16. The amount of each significant category of revenue recognised during the Period is as follows:

	For the six months ended 30 June	
	2025	2024
	(unaudited) HK\$'000	(unaudited) HK\$'000
Revenue from contracts with customers within HKFRS 15, recognised over time:		
At fixed price		
– Property management services	88,584	85,260
– Tourism attractions related services	2,127	3,928
	90,711	89,188
At variable price		
– Environmental hygiene services	63,696	65,249
	154,407	154,437
Revenue from other sources:		
– Rental income	14,974	13,304
	169,381	167,741

Disaggregation of revenue from contracts with customers within HKFRS 15 are shown in segment disclosures in note 3(b) of this report.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025
(expressed in HK\$ unless otherwise indicated)

3. Revenue and segment reporting (*continued*)

(b) Segment reporting

Information reported to the executive Directors, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance, focuses on types of goods and services delivered by each operating division.

The Group's operating divisions are as follows:

Reportable segments:

- the property management segment, which involves the provision of property management and leasing services for residential and commercial properties in the PRC.
- the environmental hygiene segment, which involves the provision of environmental hygiene services for urban and rural areas in the PRC.
- the integrated development segment, which involves the development and operation of tourism and cultural attractions, and the provision of marketing, event planning and consulting services in the PRC.
- the diversified tourism products and services segment, which comprises the provision of travel related and other services principally to corporate clients in the PRC.

(i) *Segment results, assets and liabilities*

Segment performance is evaluated based on reportable segment profit (loss), which is a measure of adjusted profit (loss) before tax. The adjusted profit (loss) before tax is measured consistently with the Group's profit (loss) before tax except that finance costs and head office and corporate income and expenses are excluded from such measurement.

Segment assets and liabilities include all assets and liabilities with the exception of cash and cash equivalents, time deposits with original maturity over three months and head office and corporate assets and liabilities, which are managed centrally.

Disaggregation of revenue from contracts with customers by the timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the Period and the six months ended 30 June 2024 is set out below.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025
(expressed in HK\$ unless otherwise indicated)

3. Revenue and segment reporting (*continued*)

(b) Segment reporting (*continued*)

(i) Segment results, assets and liabilities (*continued*)

(i) By business segment

Segment results

	For the six months ended 30 June									
	Property management		Environmental hygiene		Integrated development		Diversified tourism products and services		Total	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Disaggregated by timing of revenue recognition:										
– Over time	88,584	85,260	63,696	65,249	2,127	3,928	–	–	154,407	154,437
Rental income	14,974	13,304	–	–	–	–	–	–	14,974	13,304
Reportable segment revenue	103,558	98,564	63,696	65,249	2,127	3,928	–	–	169,381	167,741
Segment results	16,082	8,287	6,161	15,925	(404)	(905)	(14)	(155)	21,825	23,152
Corporate and other unallocated income and expenses, net									(5,755)	(862)
Finance costs									(977)	(848)
Profit before taxation									15,093	21,442

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025
(expressed in HK\$ unless otherwise indicated)

3. Revenue and segment reporting (*continued*)

(b) Segment reporting (*continued*)

(i) Segment results, assets and liabilities (*continued*)

(i) By business segment (*continued*)

Segment assets and liabilities

	Property management		Environmental hygiene		Integrated development		Diversified tourism products and services		Total	
	30 June 2025	31 December 2024	30 June 2025	31 December 2024	30 June 2025	31 December 2024	30 June 2025	31 December 2024	30 June 2025	31 December 2024
	(unaudited)	(audited)	(unaudited)	(audited)	(unaudited)	(audited)	(unaudited)	(audited)	(unaudited)	(audited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets	150,882	180,284	163,484	160,792	207,830	197,203	1,629	1,595	523,825	539,874
Corporate and other unallocated assets									113,790	90,769
Total assets									637,615	630,643
Segment liabilities	118,683	125,112	29,904	41,816	24,045	24,199	623	605	173,255	191,732
Corporate and other unallocated liabilities									4,143	5,360
Total liabilities									177,398	197,092

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025
(expressed in HK\$ unless otherwise indicated)

3. Revenue and segment reporting (*continued*)

(b) Segment reporting (*continued*)

(ii) *Geographical information*

The following table sets out information about the geographical location of the Group's revenue from external customers and the Group's non-current assets (excluding investments in an associate and deferred tax assets). The geographical location of customers is based on the location at which the goods and services were sold or provided. The geographical location of the specified assets is based on the physical location of the assets or the location of the operations.

	Revenue from external customers		Non-current assets	
	For the six months ended 30 June		30 June	31 December
	2025	2024	2025	2024
	(unaudited)	(unaudited)	(unaudited)	(audited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	–	–	3,595	4,234
Mainland China	169,381	167,741	205,321	211,761
	169,381	167,741	208,916	215,995

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025
(expressed in HK\$ unless otherwise indicated)

3. Revenue and segment reporting (*continued*)

(b) Segment reporting (*continued*)

(iii) Information about major customers

Revenue from customers contributing 10% or more of the total revenue of the Group is as follows:

	For the six months ended 30 June	
	2025	2024
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Customer A (<i>note</i>)	– [#]	19,369
Customer B	39,317	29,196

Note: It represented the revenue generated from related companies controlled by Mr. Shi and Orient Victory Property Development Group Limited* (東勝房地產開發集團有限公司), which is 95%-own company by Mr. Shi, under the property management segment (six months ended 30 June 2024: property management segment).

[#] It represented the revenue generated from related companies which contributed less than 10% of the total revenue of the Group for the Period.

4. Finance costs

	For the six months ended 30 June	
	2025	2024
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Interest on lease liabilities	977	848

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025
(expressed in HK\$ unless otherwise indicated)

5. Profit before taxation

This is stated after charging (crediting):

	For the six months ended 30 June	
	2025	2024
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Staff costs, including Directors' emoluments:		
Wages, salaries and other benefits	38,542	42,914
Contribution to defined contribution scheme	5,028	5,335
Equity-settled share-based payment expenses	–	157
	43,570	48,406
Other items:		
Amortisation of intangible assets included in selling, general and administrative expenses	8	8
Bank interest income	(851)	(3,536)
Depreciation included in costs of services and selling, general and administrative expenses (as appropriate)		
– property, plant and equipment	9,472	9,402
– right-of-use assets	600	961
Cost of inventories sold	115	119
Direct operating expenses arising from investment properties that generated rental income	991	2,789
Loss allowance (reversal of loss allowance)		
– trade receivables	1,861	4,568
– contract assets	5	(1,032)
Exchange loss (gain), net	1,788	(1,868)

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025
(expressed in HK\$ unless otherwise indicated)

6. Taxation

For the Period and the Corresponding Period, the PRC Enterprise Income Tax (“EIT”) for small and micro enterprise has been provided at the rate of 5% on the estimated assessable profits arising from the PRC. Other than EIT for in respect of small and micro enterprise, EIT in respect of operations in Mainland China is calculated at a rate 25% on the estimated assessable profits for the periods based on existing legislation, interpretations and practices in respect thereof.

For the Period and Corresponding Period, Hong Kong Profit Tax has not been provided as the Group incurred a loss for taxation purpose in Hong Kong for both periods.

Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Company and the subsidiaries of the Group incorporated in the Cayman Islands and the BVI are not subject to any income tax in the Cayman Islands and the BVI.

	For the six months ended 30 June	
	2025	2024
	(unaudited) HK\$'000	(unaudited) HK\$'000
Current tax – EIT		
Current period	1,953	2,206
Deferred tax		
Reversal of tax losses and temporary differences	(2,057)	(4,596)
	(104)	(2,390)

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025
(expressed in HK\$ unless otherwise indicated)

7. Earnings per share

The calculation of the basic and diluted earnings per Share is based on the following data:

	For the six months ended 30 June	
	2025 (unaudited) HK\$'000	2024 (unaudited) HK\$'000
Profit attributable to the equity holders of the Company	15,132	24,017
Distributions paid to the holders of perpetual convertible securities	(2,100)	(11,613)
Accrued distributions to the holders of perpetual convertible securities	–	(2,100)
	13,032	10,304

	For the six months ended 30 June	
	2025 Number of shares (unaudited) '000	2024 Number of shares (unaudited) '000 (Restated)
Weighted average number of ordinary shares for the purposes of calculating basic earnings per Share	258,442	258,442

The weighted average number of ordinary shares for the calculation of the basic and diluted loss per share for the Corresponding Period has been adjusted retrospectively to reflect the impact of share consolidation (the “Share Consolidation”) (*note 11*) during the year ended 31 December 2024.

The computation of diluted earnings per Share for the Period and the Corresponding Period did not assume the conversion of certain perpetual convertible securities and the issue of certain Shares under the share award scheme since their assumed conversion and issue during the periods would have an anti-dilutive effect on the basic earnings per Share amount presented.

8. Property, plant and equipment

The carrying amounts of machinery and equipment of HK\$nil (31 December 2024: HK\$3,498,000) are in respect of assets held under leases as at 30 June 2025.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025
(expressed in HK\$ unless otherwise indicated)

9. Trade receivables

	30 June 2025 (unaudited) HK\$'000	31 December 2024 (audited) HK\$'000
Trade receivables		
– From third parties	127,591	116,725
– From related companies in which Mr. Shi, a controlling shareholder of the Company, has beneficial interest	52,946	53,182
	180,537	169,907
Loss allowance	(13,691)	(11,440)
	166,846	158,467

For third party customers under property management segment, the Group charges property management fees on an annual or a semi-annual basis and the payment is generally due upon the issuance of demand notes. For other business segments, the Group grants a credit period of 1 to 90 days to its customers.

The ageing analysis of trade receivables (net of loss allowance) by invoice date is summarised as follows:

	30 June 2025 (unaudited) HK\$'000	31 December 2024 (audited) HK\$'000
Within 90 days	60,985	62,001
91 to 180 days	18,626	34,769
181 to 365 days	57,212	48,986
Over 365 days	30,023	12,711
	166,846	158,467

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025
(expressed in HK\$ unless otherwise indicated)

10. Trade payables

	30 June 2025 (unaudited) HK\$'000	31 December 2024 (audited) HK\$'000
Trade payables		
– To third parties	31,163	31,797
– To related companies in which Mr. Shi, a controlling shareholder of the Company, has beneficial interest	467	773
	31,630	32,570

The ageing analysis of trade payables by invoice date is summarised as follows:

	30 June 2025 (unaudited) HK\$'000	31 December 2024 (audited) HK\$'000
Within 90 days	12,371	12,659
91 to 180 days	3,413	5,304
181 to 365 days	3,469	4,396
Over 365 days	12,377	10,211
	31,630	32,570

All trade payables are expected to be settled within one year or are repayable on demand.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025
(expressed in HK\$ unless otherwise indicated)

11. Share capital

	30 June 2025		31 December 2024	
	Number of shares (unaudited) '000	(unaudited) HK\$'000	Number of shares (audited) '000	(audited) HK\$'000
Authorised:				
At the beginning of the reporting period, ordinary shares of HK\$0.25 (2024: HK\$0.005) each	400,000	100,000	20,000,000	100,000
Less: Share consolidation (<i>note</i>)	–	–	(19,600,000)	–
At the end of the reporting period, ordinary shares of HK\$0.25 each	400,000	100,000	400,000	100,000
Issued and fully paid:				
At the beginning of the reporting period, ordinary shares of HK\$0.25 (2024: HK\$0.005) each	400,000	64,610	12,922,075	64,610
Less: Share consolidation (<i>note</i>)	–	–	(12,663,633)	–
At the end of the reporting period, ordinary shares of HK\$0.25 each	258,442	64,610	258,442	64,610

Note: Pursuant to an ordinary resolution passed by the shareholders of the Company at an extraordinary general meeting held on 2 December 2024, every fifty issued and unissued shares of HK\$0.005 each in the share capital of the Company were consolidated into one share of HK\$0.25 each with effect from 4 December 2024.

12. Interim dividend

The Board does not recommend the payment of any interim dividend for the Period (Corresponding Period: nil).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025
(expressed in HK\$ unless otherwise indicated)

13. Perpetual convertible securities

On 30 March 2016, the Company issued perpetual convertible securities in an aggregate principal amount of HK\$170,000,000 (the “2016 March PCS”). The net proceeds of HK\$155,668,000 were recorded as equity. The Group pledged the entire equity interest in Hua Yu New Life Services (Shenzhen) Company Limited (formerly named Shenzhen Dong Sheng Hua Yu Commercial Management Company Limited), an indirect wholly-owned subsidiary of the Company, and the entire issued share capital of Donghui Hong Kong Holdings Limited, an indirect wholly-owned subsidiary of the Company, to secure the issue of the 2016 March PCS.

On 24 October 2016, the Company issued perpetual convertible securities in an aggregate principal amount of HK\$264,867,000 (the “2016 October PCS”, together with the 2016 March PCS, the “PCS”). The amount of HK\$240,606,000, net with transaction costs, were recorded as equity.

The PCS have no fixed maturity dates. The Company may at its option redeem in whole or in part of the PCS. The PCS are convertible at the option of the holders into ordinary shares in the Company on a one-to-one ratio at the conversion price of HK\$0.5436 and HK\$0.128 per ordinary share of the Company for the 2016 March PCS and the 2016 October PCS, respectively.

Upon the completion of share consolidation (note 11) on 4 December 2024, the conversion price of 2016 March PCS to ordinary shares in the Company was changed from HK\$0.5436 per ordinary share to HK\$27.18 per ordinary share.

Distributions at a rate of 6% per annum shall be payable on the PCS semi-annually and 2016 March PCS and 2016 October PCS may be deferred and cancelled respectively at the sole discretion of the Company unless compulsory distribution payment events (including a discretionary dividend to ordinary shareholders of the Company or repaying any securities of lower rank or early redemption of securities prior to its stated maturity) has occurred. Distributions can be in the form of cash or other instruments, like ordinary shares, at the Company’s discretion.

In 2017 and 2018, 1,330,000 units and 1,000,000 units of the 2016 October PCS have been converted into ordinary shares in the Company respectively.

On 8 March 2021, the Company announced to cancel the distribution to holders of the 2016 October PCS, which was originally scheduled to be made on 24 April 2021 at the distribution rate of 6% per annum. In respect of the distributions in the second half of 2021 and the first half of 2022, on 25 October 2021 and 25 April 2022, the Company paid out distributions of HK\$7,937,000 and HK\$7,937,000 to the holders respectively. On 8 September 2022, in respect of the distributions in the second half of 2022, on 10 October 2022, the Company paid out distributions of HK\$7,937,000 to the holders.

On 8 March 2023, the Company announced to cancel the distribution of the 2016 October PCS, which was originally scheduled to be made on 24 April 2023 at the distribution rate of 6% per annum. In respect of the distributions in the second half of 2023, on 24 October 2023, the Company paid out distributions of HK\$7,937,000 to the holders.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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13. Perpetual convertible securities (*continued*)

In respect of the distributions in the first half of 2024, on 24 April 2024, the Company paid out distributions of HK\$7,937,000 to the holders. On 5 September 2024, the Company announced to cancel the distribution of the 2016 October PCS, which was originally scheduled to be made on 24 October 2024 at the distribution rate of 6% per annum.

Pursuant to the board resolution dated 4 October 2024, having considered (i) the continuous cancellation of the distribution will have negative impact on the reputation of the Company; (ii) the Company has sufficient cash and bank balance; and (iii) the dilution of ordinary shareholder's interests if the 2016 October PCS holder has to convert the PCS into ordinary shares, the management decided to redeem the 2016 October PCS in full.

During the year ended 31 December 2024, the Group has redeemed the 2016 October PCS of HK\$264,569,000 by way of (i) cash considerations paid to OVRE and its assigned third parties and other holders of HK\$183,726,000 and HK\$541,000 respectively; (ii) settlement through the current account maintained with OVRE, amounted to HK\$302,000; and (iii) settlement through issuance of perpetual bonds of HK\$80,000,000 to OVRE (note 14). The transaction was completed on 31 December 2024. The redemption of 2016 October PCS resulted in a loss of HK\$23,963,000, which was recognised directly in equity being transaction with owner.

On 20 May 2019, 183,958,793 units of the 2016 March PCS have been redeemed by the Company at the total amount of HK\$100,000,000. At 31 December 2024 and 2023, there were 128,771,155 units of the 2016 March PCS in an aggregate principal amount of HK\$70,000,000 outstanding.

In respect of the accumulated distributions of HK\$21,000,000 to the holder of 2016 March PCS which were originally scheduled to be made on 30 September 2019, 30 March 2020, 30 September 2020, 30 March 2021, 30 September 2021, 30 March 2022, 30 September 2022, 30 March 2023, 30 March 2024 and 30 September 2024 at the distribution rate of 6% per annum, the Company paid out the aggregate amount of HK\$27,845,000, including the accumulated deferred distribution of HK\$16,800,000 brought forward from prior years and interests of HK\$6,845,000, to the holder on 30 March 2024 and 30 September 2024.

At 30 March 2025, the Company paid out the distribution of HK\$2,100,000 and there was no accumulated deferred distribution (31 December 2024: HK\$nil) at 30 June 2025.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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14. Perpetual Bonds

In December 2024, the Company entered into a subscription agreement (the “Subscription Agreement”) with OVRE (the “Subscriber”) pursuant to which the Company agreed to issue, and the Subscriber agreed to subscribe for, the perpetual bonds in the principal amount of HK\$80,000,000 (the “Perpetual Bonds”).

The subscription price of the Perpetual Bonds was satisfied by the Subscriber by way of set-off of part of the consideration of redemption of 2016 October PCS (note 13) in the amount of HK\$80,000,000 owed by the Company to the Subscriber.

The Perpetual Bonds confer a right on the holder to receive fixed distributions at a distribution rate of 5.4% per annum, which shall be payable annually in arrears. The Company may, at its sole discretion, elect to cancel any scheduled distributions and distributions that are cancelled shall be non-cumulative.

The Perpetual Bonds have no fixed redemption date and are redeemable either in full or in part at the option of the Company at the outstanding principal amount of the Perpetual Bonds to be redeemed together with any distribution accrued to the date fixed for redemption.

15. Capital commitment

As at 30 June 2025, the Group had capital commitment relating to the investment in an equity security of HK\$16,400,000 (31 December 2024: HK\$15,918,000).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025
(expressed in HK\$ unless otherwise indicated)

16. Material related party transactions

Other than disclosed elsewhere in the unaudited condensed consolidated financial statements, the Group had the following material transactions with related parties during the six months ended 30 June 2025:

Relationships	Nature of transactions	Note	For the six months ended 30 June	
			2025	2024
			(unaudited) HK\$'000	(unaudited) HK\$'000
Key management personnel remuneration	Salaries, bonus, allowance and other short-term benefits		1,965	3,120
	Contributions to defined contribution plans		44	45
			2,009	3,165
Related companies controlled by Mr. Shi	Property management services income	(i)	963	2,306
	Rental expenses	(ii)	1,317	965
	Commercial properties and merchants management services income	(i)	13,528	17,063
Non-controlling shareholders of subsidiaries	Consideration received in relation to disposal of a subsidiary		–	2,160

Note:

- (i) These transactions constitute continuing connected transactions under the Listing Rules.
- (ii) These transactions constitute exempted continuing connected transactions under the Listing Rules.

17. Fair value measurement of financial instruments

Management has assessed that the fair value of cash and cash equivalents, trade receivables, advances to an associate, financial assets included in trade receivables, contract assets, deposits and other receivables, trade payables, and financial liabilities included in other payables and accruals (excluding receipt in advance, other payables and employment benefits payables) approximates to their carrying amounts largely due to the short-term maturities of these instruments.

Lease liabilities have been measured at fair value at initial recognition and subsequently measured at amortised cost using the effective interest method. Management has assessed that the fair value of lease liabilities approximates to their carrying amount.

* for identification purpose only