

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)

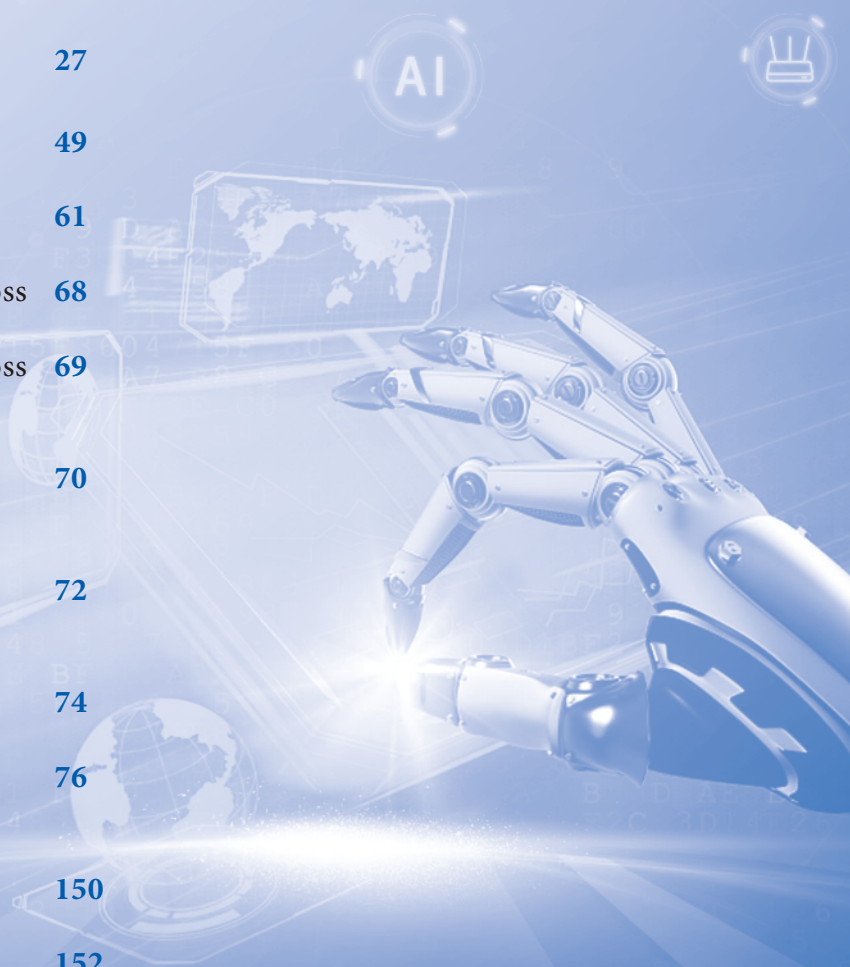


2025 ANNUAL REPORT

Efficiency · Intelligence · Value

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Mo Yueming
Ms. Hao Ying
Mr. Xue Fei

Non-executive Director

Mr. He Qi

Independent Non-executive Directors

Mr. Lin Hua Rong, Harry
Ms. Julieta Jing Dong (*Appointed on 7 May 2025*)
Mr. Tam Kam Shing, Chris (*Appointed on 21 January 2026*)

AUDIT COMMITTEE

Mr. Tam Kam Shing, Chris (*Chairman*)
(*Appointed on 21 January 2026*)
Mr. Lin Hua Rong, Harry
Ms. Julieta Jing Dong (*Appointed on 7 May 2025*)

REMUNERATION COMMITTEE

Mr. Lin Hua Rong, Harry (*Chairman*)
Mr. Mo Yueming
Ms. Julieta Jing Dong (*Appointed on 7 May 2025*)

NOMINATION COMMITTEE

Mr. Mo Yueming (*Chairman*)
Ms. Julieta Jing Dong (*Appointed on 7 May 2025*)
Mr. Tam Kam Shing, Chris (*Appointed on 21 January 2026*)

COMPANY SECRETARY

Mr. Lei Kin Keong (*Appointed on 21 January 2026*)

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
Agricultural Bank of China 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

Office B, 16/F
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28 Queen's Road East
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
North Point
Hong Kong

STOCK CODE

265

COMPANY'S WEBSITE

www.gycsfw.com.cn

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the “Board”) of directors (the “Director(s)”) of Gangyu Smart Urban Services Holding Limited (the “Company”, together with its subsidiaries the “Group”), I am pleased to present the annual report (the “Annual Report”) of the Group for the year ended 31 December 2025 (the “Year”).

By adhering to the corporate core values of “People-Oriented And Sincere Services (「以人為本，服務至誠」), and the service philosophy of “Wholeheartedly and Wholeheartedly For You (「全心全意，全為您」)”, the Group is committed to prioritizing customer satisfaction and trust. Notwithstanding the various challenges during the Year, the Group remained at “Staying to our original aspiration (「初心不改」)”, enhance the Group’s capacity and capability for unwavering commitment to improve service quality and enhancing property management service and environmental hygiene service.

INDUSTRY OVERVIEW, BUSINESS STRATEGY AND BUSINESS REVIEW

There were four reportable operating segments of the Group, namely (i) the property management businesses; (ii) the environmental hygiene businesses; (iii) the integrated development businesses; and (iv) the diversified tourism products and services businesses in the PRC.

In 2025, the operating environment in mainland China remained challenging. The real estate market was still undergoing adjustment and recovery, with the delivery of residential and commercial projects, the launching of new projects as well as the demand for related auxiliary services recovering at a slow pace. As a result, the market release of new property management projects remained sluggish. At the same time, under local fiscal pressures, the budgeting, tender pricing and settlement approvals of public service projects became more prudent, exerting pressure on market competition and the collection cycle of the Group’s environmental hygiene business. The uneven recovery of cultural and tourism consumption, coupled with continued intense tender competition, also posed various levels of challenges across the Group’s major business segments. In response, the Group continued to adhere to a prudent operating strategy during the Year, advancing different initiatives with a focus on cash flow security, collection efficiency, cost and expense control, service quality and compliance management, while concentrating on the renewal of quality projects and the operation of existing assets.

The Group’s profit for the Year declined compared with the previous year, primarily due to decreased revenue from the property management and leasing-related and integrated development businesses, a significant year-on-year drop in other income, increased fair value loss on investment properties, increased loss allowance for expected credit losses on the trade receivables and contract assets, and higher selling and administrative expenses. Notwithstanding the above, the Group’s overall liquidity position remained sound. The Board is of the view that such performance changes reflect the Group’s transition from a phase of scale expansion to one that places greater emphasis on operational quality, cash flow quality and risk management. The Group recorded revenue of approximately HK\$339.1 million (2024: approximately HK\$345.9 million) for the Year, representing a decrease of approximately 2.0% compared to the Year 2024.

The Group recorded a profit for the Year, amounting to approximately HK\$21.5 million (2024: approximately HK\$48.9 million), representing a decrease of approximately 55.9% compared to Year 2024.

Set out below is the performance review of each of the Group’s principal businesses during the Year.

Property Management and Leasing-related Businesses

The year 2025 marked the final year of the “14th Five-Year Plan” in mainland China. The property services industry continued to evolve from a model relying on the delivery of new real estate projects that drove the demand for related auxiliary services, toward one centered around the operation of projects under management and existing community services and focusing more on service quality, management of collection rates, cost efficiency and customer experience. The government’s policy direction of promoting “good housing, good communities, good neighborhoods and good urban areas”, together with the inclusion of property services in the “encouraged” category in the Catalogue for Guiding Industry Restructuring (2024 Edition) issued by the National Development and Reform Commission, supported the standardization and high-quality development of the industry. Nevertheless, the release of new projects continued to depend on the pace of real estate market recovery, while competition in tenders, prudent customer spending and prolonged payment cycles continued to exert operational pressure across the industry.

According to the research report “2025-2030 China Property Management Industry Market Panorama and Investment Prospect Research Report“ (《2025-2030年中國物業管理行業市場全景調研與投資前景研究報告》) by CHINAIRN.COM (「中國行業研究網」), the industry has formed a three-tier structure of “laying the foundation with basic services, increasing revenue with value-added services, and improving efficiency with smart platforms”. In the future, the demand for property management services will tend to be more high-end, personalized, and brand-oriented. Property management companies must integrate their own resources and develop across industries collaborations with emerging sectors.

In the “15th Five-Year Plan”, the property management industry continues to face new challenges and opportunities. The industry will place greater emphasis on service quality and operational efficiency, while promoting digital transformation and the upgrading of community economies. The property management industry is undergoing a complete transformation from providing on four basic services of “security, cleaning, greenery and facility repair to property and lifestyle concierge services” to becoming a “community ecosystem operator”.

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 possesses 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 during the Year, including but not limited to the following:

Award Name	Awarding Institution
Honorary Certificate for 2025 Leading Companies, Property Management Industry in Hebei Province* (二零二五年度河北省物業管理行業先進單位榮譽證書)	Hebei Property Management Institute* (河北省物業管理行業協會)
2025 Famous Provincial Capital Brand on Property Management in Shijiazhuang City* (二零二五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)

CHAIRMAN'S STATEMENT

During the Year, Gangyu PMS Group continued to prioritise project quality, collection rates and sustainable gross profit over scale, and maintained segment stability by optimising its managed portfolio, strengthening its collection efforts, enhancing service quality for commercial and public projects and prudently expanding into new projects with good payment discipline. As at 31 December 2025, Gangyu PMS Group had a total contracted gross floor area of approximately 7.78 million square meters (2024: approximately 8.46 million square meters) under their management. The total gross floor area mainly involves residential properties, commercial properties, office buildings, sales offices, colleges, hospitals, government buildings and related areas of other public facilities. Given that a total of 25 projects expired during the Year, covering an aggregate gross floor area of 1.48 million square meters, the total contracted gross floor area under the management of Gangyu PMS Group has been reduced. The expiries were concentrated in the second half of 2025 which is expected to result in adverse impacts beginning to emerge in 2026. While the Group pursued 11 new contracts, the contracted gross floor area totaled 0.80 million square meters. During the Year, Gangyu PMS continued to garner multiple industry awards, including being recognised as one of the “Leading Companies, Property Management Industry in Hebei Province” as well as a “Famous Provincial Capital Brand on Property Management in Shijiazhuang City”. The Board is of the view that this segment remains the Group’s principal source of revenue and cash flow. Looking forward, the Group will continue to focus on enhancing contract renewal quality, payment discipline and asset operation efficiency, while further optimising its property portfolio to ensure sustainable and stable revenue streams.

Orient Victory Property Development Group Limited* (東勝房地產開發集團有限公司, “OVPD”) (which in turn is 95% owned by Mr. Shi, a controlling shareholder and a former executive Director), and its subsidiaries have provided the Group with a business opportunity in relation to property management services for their real estate projects.

On 4 December 2023, the Company and OVPD entered into a framework agreement (the “2024 Framework Agreement”), pursuant to which OVPD agreed to appoint the Group for the provision of the property management services and the commercial properties and merchants management services and environment sanitation engineering services for a term commencing on 1 January 2024 and ending on 31 December 2026. The services contemplated under the 2024 Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules and the independent Shareholders approved the 2024 Framework Agreement and transactions contemplated thereunder by way of poll at the extraordinary general meeting held by the Company on 18 January 2024.

During the Year, relevant services provided to OVPD and its subsidiaries contributed revenue of approximately HK\$23.5 million (2024: approximately HK\$39.3 million) to the Group.

With the Group’s effort in developing its property management businesses, during the Year, the Group recorded revenue from property management businesses, including property management services and rental income, of approximately HK\$202.9 million (2024: approximately HK\$210.3 million), representing a decrease of approximately 3.5%.

Environmental Hygiene Businesses

The State Council of Chinese government issued the “Healthy China 2030” Planning Outline (《“健康中國2030”規劃綱要》), emphasizing the promotion of environmental hygiene through the creation of hygienic towns, with the core goal of improving the level of urban and rural environmental sanitation. The plan calls for a thorough advancement of the national hygienic town initiative, aiming that by 2030, the number of national hygienic cities will account for 50% of all cities in the country, and with favorable conditions will achieve full coverage.



CHAIRMAN'S STATEMENT

The environmental hygiene industry continues to be driven by government policies and public payment mechanisms. As standards for urban operations, waste collection and transportation, emissions control and workplace safety continue to rise, the level of mechanization in projects, standardization of operations, management of performance assessment and the ability to collect payments have become key factors influencing profitability. Opportunities are emerging for service providers with strong management capabilities in the areas of equipment upgrades, smart sanitation and green operations. However, local fiscal pressures, price competition in tenders as well as tightening assessment and deduction mechanisms are putting pressure on profit margins and cash collection cycles, especially for government-operated entities that face persistent pricing pressure and prolonged payment terms.

The Group's environmental hygiene business encompasses (i) urban road sweeping and street washing, (ii) household waste collection and transportation, and (iii) rural living environment improvement and village cleaning.

In the face of rising performance assessment standards and intensified price competition, the Group continued to advance mechanized operations at the project level, optimize frontline scheduling and staffing, outsource non-core processes as needed, strengthen vehicle maintenance and safety training, while enhancing reconciliation, acceptance and payment collection follow-ups with customers.

During the Year, revenue from the environmental hygiene business segment recorded an increase as compared to Year 2024, mainly attributable to a new supplementary contract entered into in response to the gradual expansion of the sanitation scope during the Year when compared to Year 2024 but partially offset by the expiration of an environmental hygiene services project, in the fourth quarter of 2025. On the other hand, the improvement in the Group's ability to meet the customers' stringent service standards reviewed by PRC government departments resulted in lowering the penalty and partially offset the decrease in the Group's contracted revenue during the Year.

During the Year, the Group recorded revenue of approximately HK\$131.7 million from its environmental hygiene services businesses (2024: approximately HK\$129.6 million). However, the Group has increased direct labor cost, direct material cost and subcontracting cost in order to meet the stringent performance terms imposed by the Government and escalating industry standards, which made a significant decrease in gross profit margins in the environmental hygiene service businesses by approximately 4.5 percentage points from approximately 25.0% for Year 2024 to approximately 20.5% for the Year.

The Board is of the view that the environmental hygiene business will, going forward, place greater emphasis on project quality, cash flow quality and contract risk control rather than mere scale expansion. The Group will maintain a prudent stance toward projects with low gross profit margins, long payment terms or excessively stringent performance terms. The customers of the Group are primarily government-operated entities that are subject to pricing pressure and extended payment cycles. The Group will continue to follow up on outstanding receivables and negotiate repayment schedules with customers. Following the expiry of an environmental hygiene service project in the fourth quarter of 2025, the Group suspended a branch operation, which is expected to lead to a decrease in environmental hygiene revenue in the coming year. 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.

CHAIRMAN'S STATEMENT

Integrated Development Businesses

During the Year, 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.

(a) *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 spot in Shijiazhuang City, Hebei Province, the PRC which generates tourism attractions related income.

In 2025, Tu Men Travel recorded a revenue of approximately HK\$4.5 million (2024: approximately HK\$5.9 million). The decline in revenue for Tu Men Travel can be attributed to adverse weather conditions, 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 Year.

Tu Men Travel's gross profit for the Year amounted to approximately HK\$3.7 million (2024: approximately HK\$5.0 million). The decrease in the gross profit was due to the decrease in revenue during the Year.

Overall, the Group's involvement in tourism and cultural spot management aligned with the government's development plans and aimed to capitalize on the region's cultural and ecological advantages to improve the profitability of the integrated development businesses. While cultural and tourism consumption continues to recover, consumer decision-making has become increasingly rational. Factors influencing visitor traffic and tenant performance now depend more on innovative event content, product differentiation and localized experiences. Government policies continue to promote the integration of culture and tourism, the night-time economy and consumption-stimulating activities, providing transformation opportunities for scenic and commercial projects. Nevertheless, intensified industry competition, weather fluctuations and the need for continuous investment in tenant recruitment, event organization and scene maintenance for existing scenic and supporting commercial assets mean that the overall recovery process will take time.

The Group also engaged in the development of tourism-related facilities in the PRC. During the Year, a piece of land located at Lot No. 2018-48, Dongtumen Village, Bailuquanxiang, Luquan District, Shijiazhuang City, Hebei Province, the PRC, with an aggregate site area of 14,637 square meters ("the Land Planning"), was under the planning stage and was recognised as inventories in the Group's consolidated financial statements as at 31 December 2025 in the carrying amount of approximately HK\$15.8 million (2024: approximately HK\$14.9 million).

Pursuant to an agreement dated 28 October 2021 entered into between the Group and local government authority, a piece of land in Shijiazhuang City, Hebei Province, the PRC, with an aggregate site 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 for the consideration of approximately RMB85.0 million (equivalent to approximately HK\$102.2 million). As at 31 December 2025, the receivable balance from the government authority amounted to approximately RMB3.5 million (2024: approximately RMB3.5 million), equivalent to approximately HK\$3.9 million (2024: approximately HK\$3.7 million) ("the Compensation Funds"). The Group is actively engaging with the relevant government authority with the goal of recovering the Compensation Funds within one year.

During the Year, the Group implemented a series of adjustments to its cultural tourism business, focusing on event planning, scene enhancement, tenant mix optimization and visitor traffic conversion. The Group also initiated preliminary planning and feasibility studies for the revitalization of certain idle sites, while continuing to follow up on the Land Planning and the recovery of the Compensation Funds.

(b) Provision of marketing, event planning and consulting services

No revenue has been generated from the provision of the marketing, event planning and consulting services of the Group since 2023 due to the shift in sales and marketing strategy of OVPD and its subsidiaries, which were the major customers of these services in previous years.

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 Year and Year 2024. 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

Looking ahead to 2026, the Group expects the external operating environment to remain one of cautious competition. Property management and leasing-related services will continue to be the Group's principal sources of revenue and cash flow. The Group will further enhance its collection rates, contract renewal quality and asset operation efficiency. The environmental hygiene services segment will continue to rigorously enforce its project selection criteria, cost and expense controls and receivables management, while prudently addressing potential revenue fluctuations from expiring contracts. The integrated development businesses will remain focused on tenant recruitment, event operation, visitor attraction, consumption conversion and vacancy reduction for Tu Men Travel, with the goal of progressively improving operational quality.

Tu Men Travel will continue to increase visitor return rates and onsite consumption conversion through membership programs, event-driven traffic, livestream promotions and joint marketing with tenants, thereby driving tenant sales and the Group's associated management and ancillary income from the project. Meanwhile, the Group will continue to enhance its digital management tools, standardize its operational processes and apply intelligent tools in suitable scenarios to strengthen service quality, operational efficiency and cost control.

The Group believes that by upholding prudent management principles, focusing on high-quality project development, strengthening receivables management and continuously improving risk control mechanisms, the Group will be able to consolidate and reinforce its operational foundation amid a challenging market environment, thereby creating sustainable value for shareholders, customers, employees and other stakeholders.

CHAIRMAN'S STATEMENT

APPRECIATION

On behalf of the Board, I wish to express my sincere gratitude to the Shareholders and business partners of the Group for their continuous support, as well as to each member of the Board, management and all our staff members for their diligence, devotions and contributions.

Mo Yueming
Chairman

Hong Kong, 27 March 2026

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

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Property Management Businesses

The details of the business performance of the property management businesses are set out in the section headed “Property Management and Leasing-related Businesses” under “Industry Overview, Business Strategy and Business Review” in “Chairman’s Statement”.

The Group recorded revenue from property management and leasing services of approximately HK\$202.9 million (2024: approximately HK\$210.3 million) during the Year, representing a decrease of approximately 3.5% compared to Year 2024 due to a reduction in managed projects and contracted gross floor area of property management segment.



Environmental Hygiene Businesses

The details of the business performance of the environmental hygiene businesses are set out in the section headed “Environmental Hygiene Businesses” under “Industry Overview, Business Strategy and Business Review” in “Chairman’s Statement”.

During the Year, the improvement in the Group’s ability to meet the customers’ stringent service standards reviewed by PRC government departments resulted in lower penalties, and a new supplementary contract entered into in response to the gradual expansion of the sanitation scope partially offset the decrease in the Group’s revenue as a result of the expiration of an environmental hygiene services project of the Group in Hebei Province, the PRC, in the fourth quarter of 2025.

The Group recorded revenue of approximately HK\$131.7 million (2024: approximately HK\$129.6 million) from its environmental hygiene services businesses during the Year, representing an increase of approximately 1.6% compared to Year 2024.



MANAGEMENT DISCUSSION AND ANALYSIS

Integrated Development Businesses

The details of the business performance of the integrated development businesses are set out in the section headed “Integrated Development Businesses” under “Industry Overview, Business Strategy and Business Review” in “Chairman’s Statement”.

Due to unfavorable factors such as intensified competition, the scale of the tourism attractions-related business has been reduced. The Group recorded revenue from tourism attractions-related income of approximately HK\$4.5 million (2024: approximately HK\$5.9 million) during the Year, representing a decrease of approximately 24.6% compared to Year 2024.

Due to the changing of sales and marketing strategy of OVPD, the Group did not record any revenue from marketing event planning and consulting services during the Year and Year 2024.

Diversified Tourism Products and Services Businesses

The Group’s diversified tourism products and services segment principally provided outbound travel-related services for PRC 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 Year and Year 2024. Given the resumption of outbound travel in the PRC, the Group will reassess the surrounding business environment and make appropriate arrangements for this business segment to achieve the best interest of the Company and its Shareholders as a whole.



MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS

Operating Performance

Analysis by nature of revenue:

	2025		2024	
	HK\$'000	%	HK \$'000	%
Property management businesses:				
Property management and leasing-related services	202,892	59.8	210,347	60.8
Environmental hygiene businesses:				
Environmental hygiene services	131,748	38.9	129,643	37.5
Integrated development businesses:				
Tourism attractions-related income	4,463	1.3	5,922	1.7
Total	339,103	100.0	345,912	100.0

The Group recorded revenue of approximately HK\$339.1million (2024: approximately HK\$345.9 million) for the Year, representing a decrease of approximately 2.0% compared to Year 2024.

For the Year, the Group's revenue from property management businesses decreased by approximately HK\$7.5 million compared to Year 2024. It was mainly attributable to a full-year income generated from certain secured projects in 2024 and a reduction in projects secured during the Year.

For the Year, the Group's revenue from the environmental hygiene businesses increased by approximately HK\$2.1 million as compared to Year 2024. The increase in revenue from the environmental hygiene businesses during the Year was due to a new supplementary contract entered into in response to the gradual expansion of the sanitation scope during the Year when compared to Year 2024 but partially offset by the expiration of an environmental hygiene services project of the Group in the fourth quarter of 2025.

The decline in revenue from the Group's integrated development businesses was due to the adverse weather conditions and keen competition from nearby villagers' autonomous businesses in Tu Men Travel. In 2025, the Group recorded revenue from tourism attraction-related activities from Tu Men Travel of approximately HK\$4.5 million (2024: approximately HK\$5.9 million).

MANAGEMENT DISCUSSION AND ANALYSIS

Gross profit and gross profit margin

The Group recorded a slight decrease in gross profit from approximately HK\$97.3 million for the Year 2024 to approximately HK\$94.7 million for the Year. The decrease in the gross profit from the environmental hygiene businesses was partially offset by the increase of gross profit from the property management and leasing-related businesses. The gross profit margin slightly decreased by approximately 0.2 percentage points from approximately 28.1% for Year 2024 to approximately 27.9% for the Year.

The property management and leasing-related businesses recorded an increase in gross profit by approximately HK\$4.1 million from approximately HK\$59.9 million for Year 2024 to approximately HK\$64.0 million for the Year. The Group also recorded an increase in gross profit margin by approximately 3.0 percentage points from approximately 28.5% for Year 2024 to approximately 31.5% for the Year. The increase in the gross profit margin in the property management and leasing-related businesses were attributable to the reduction of direct labor costs and operational costs as well as cost-saving measures implemented during the Year.

The environmental hygiene businesses recorded a decrease in gross profit by approximately HK\$5.4 million from approximately HK\$32.4 million for Year 2024 to approximately HK\$27.0 million for the Year. The Group also recorded a decrease in the gross profit margin by approximately 4.5 percentage points from approximately 25.0% for Year 2024 to approximately 20.5% for the Year. The decrease in the gross profit margin in the environmental hygiene businesses was primarily due to costs through improved personnel increased direct labor cost, direct material cost and subcontracting cost in order to meet the stringent performance terms imposed by the Government and escalating industry standards in the Year.

The integrated development businesses recorded a decrease in gross profit by approximately HK\$1.3 million from approximately HK\$5.0 million for Year 2024 to approximately HK\$3.7 million for the Year. The Group also recorded a decrease in the gross profit margin by approximately 1.3 percentage points from approximately 85.0% for Year 2024 to approximately 83.7% for the Year. The change in the gross profit margin in the integrated development businesses was due to no operations in marketing, event planning, and consulting services for the Year.

Profit for the Year

Profit for the Year amounted to approximately HK\$21.5 million (2024: approximately HK\$48.9 million).

Except for the factors mentioned above that impacted the Group's profit for the Year, the decrease in profit for the Year was mainly attributable to (i) an increase in loss arising from fair value changes on investment properties of approximately HK\$14.6 million; (ii) the absence of compensation income of approximately RMB4.7 million (equivalent to approximately HK\$5.1 million); (iii) a decrease in bank interest income of approximately HK\$5.3 million; and (iv) an increase in provision of loss allowance on trade receivables of approximately HK\$4.7 million.

MANAGEMENT DISCUSSION AND ANALYSIS

Assets Structure

As at 31 December 2025 and 2024, the Group's assets mainly included property, plant and equipment and right-of-use assets, investment properties, investment in an associate, inventories, trade receivables, contract assets, prepayments, deposits and other receivables, amount due from an associate 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\$119.9 million (2024: approximately HK\$139.9 million) as at 31 December 2025, in aggregate, mainly represented (i) properties and other equipment of the tourist attraction and cultural spot owned by Tu Men Travel in the net carrying amount of approximately HK\$103.3 million (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\$10.7 million (2024: approximately HK\$29.6 million), which were mainly acquired to cope with the Group's environmental hygiene operating projects. Since a few environmental hygiene services projects expired during the Year 2024 and in the fourth quarter of 2025, the Group had disposed of several vehicles and certain equipment of the environmental hygiene businesses with a net carrying amount of HK\$7.8 million (2024: nil) during the Year.
- ii. Investment properties of approximately HK\$67.0 million (2024: approximately HK\$76.0 million) as at 31 December 2025 mainly represented fair values of the right-of-use assets of commercial properties located in Shijiazhuang City, Hebei Province, the PRC of approximately HK\$57.2 million (2024: approximately HK\$73.7 million) leased by the Group from property owners to earn rentals. During the Year, the Group had accepted the transfer of investment properties with a total market value of HK\$6.91 million at the date of transfer to off-set the outstanding receivables due from a controlling shareholder of the Company.
- iii. Investment in an associate of approximately HK\$22.6 million (2024: approximately HK\$22.7 million) as at 31 December 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 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 31 December 2025 in the carrying amounts of approximately HK\$113.9 million and approximately HK\$95.1 million respectively (2024: approximately HK\$112.6 million and approximately HK\$90.7 million respectively).

In response to the economic uncertainties, which have led to subdued private investment, declining consumer confidence, and high youth unemployment rates in recent years, the Group temporarily suspended the Development Project. The Group now requires an extended period to carefully evaluate the feasibility of recommencing the 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 31 December 2025, amount due from Dakun Zhifang (the "Advances", which were made when Dakun Zhifang was a subsidiary of the Company) was approximately HK\$58.9 million (2024: approximately HK\$56.2 million), which were non-interest-bearing demand loan.

MANAGEMENT DISCUSSION AND ANALYSIS

- iv. Inventories of approximately HK\$15.9 million (2024: approximately HK\$15.1 million) as at 31 December 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 planning stage of approximately HK\$15.8 million (2024: approximately HK\$14.9 million).
- v. Trade receivables of approximately HK\$174.3 million (2024: approximately HK\$158.5 million) as at 31 December 2025 were derived from (i) the property management and leasing-related businesses of approximately HK\$39.9 million (2024: approximately HK\$52.3 million), (ii) the environmental hygiene businesses of approximately HK\$132.5 million (2024: approximately HK\$103.7 million), and (iii) the marketing, event planning and consulting services under the integrated development businesses of approximately HK\$1.9 million (2024: approximately HK\$2.5 million). The significant increase in the trade receivables balance of the Group was primarily a result of certain customers in the environmental hygiene and property management sectors delaying their payments due to their cash flow challenges.
- vi. Contract assets of approximately HK\$27.9 million (2024: approximately HK\$16.9 million) as at 31 December 2025 are trade receivables that still need to be invoiced, specifically from customers which were government authorities in the environmental hygiene businesses 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 and amount due from an associate of approximately HK\$89.2 million (2024: approximately HK\$110.3 million) as at 31 December 2025 mainly represented by (i) the Advances of approximately HK\$58.9 million (2024: approximately HK\$56.2 million); (ii) 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 (2024: approximately HK\$26.5 million, equivalent to RMB25.0 million); and (iii) receivables of approximately HK\$3.9 million (2024: approximately HK\$3.8 million) for the return of the piece of land in Shijiazhuang City, Hebei Province, the PRC with an aggregate area of approximately 21,647 square meters.

Throughout the Year, the decrease in balance was mainly due to receiving 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\$26.5 million.

- viii. Cash and cash equivalents were approximately HK\$120.0 million (2024: approximately HK\$86.4 million) as at 31 December 2025. The significant increase was mainly attributable to the combined effect of (i) the collection of 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\$26.5 million (equivalent to RMB25.0 million) and (ii) the collection of trade receivables of the property management and leasing-related business.

MANAGEMENT DISCUSSION AND ANALYSIS

Liabilities Structure

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

- i. Trade payables and contract liabilities of approximately HK\$56.7 million (2024: approximately HK\$62.3 million) as at 31 December 2025 were derived from (i) the property management and leasing-related businesses of approximately HK\$36.4 million (2024: approximately HK\$38.3 million), (ii) the environmental hygiene businesses of approximately HK\$15.0 million (2024: approximately HK\$18.2 million), and (iii) the marketing, event planning and consulting services under the integrated development businesses of approximately HK\$5.3 million (2024: approximately HK\$5.8 million). The decrease in these trade payables and contract liabilities was primarily due to decrease in the environmental hygiene businesses throughout the Year.
- ii. Other payables of approximately HK\$54.7 million (2024: approximately HK\$63.0 million) as at 31 December 2025 mainly derived from (i) the property management and leasing-related businesses of approximately HK\$25.0 million (2024: approximately HK\$26.9 million), which mainly comprised receipts in advance and deposits received from customers and accrued salaries and retirement contributions, (ii) the environment hygiene businesses of approximately HK\$9.7 million (2024: approximately HK\$17.7 million), which mainly comprised accrued salaries and retirement contributions and the receipts in advance from customers and (iii) the integrated development businesses of approximately HK\$16.1 million (2024: approximately HK\$15.0 million), which mainly comprised the land and construction costs payable, consideration payable regarding the acquisition of Tu Men Travel and management fee receipts in advance from lessees.
- iii. Lease liabilities of approximately HK\$39.0 million (2024: approximately HK\$46.4 million) as at 31 December 2025 were mainly comprised of (i) lease liabilities of the right-of-use assets of approximately HK\$39.0 million (2024: approximately HK\$45.5 million) of commercial properties located in Shijiazhuang City, Hebei Province, the PRC leased by the Group from property owners to earn rentals; and (ii) the obligation under finance lease of the machinery and equipment of approximately HK\$nil (2024: approximately HK\$0.9 million) under the environmental hygiene businesses.

LIQUIDITY AND FINANCIAL RESOURCES

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL STRUCTURE

The capital structure of the Group as at 31 December 2025 are summarised as follows:

As at 31 December 2025, the Company had 258,441,510 (2024: 258,441,510) ordinary shares (“Share(s)”) (adjusted as a result of the share consolidation effective on 4 December 2024 (the “Share Consolidation”)) in issue with total shareholders’ equity of the Group amounted to approximately HK\$365.3 million (2024: approximately HK\$327.5 million).

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. To secure the obligations of the Company under the 2016 March PCS, 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 (“Share Charge”). The Share Charge was released on 28 September 2023.

The 2016 March PCS have no fixed maturity dates. The Company may at its option redeem in whole or in part of the 2016 March PCS. The 2016 March PCS are convertible at the option of the holders into Shares on a one-to-one ratio at the conversion price of the HK\$0.5436 per Shares for the 2016 March PCS. Immediately after the completion of the Share Consolidation on 4 December 2024, the conversion price of 2016 March PCS to Shares had been adjusted from HK\$0.5436 per Share to HK\$27.18 per Share.

Distributions at a rate of 6% per annum shall be payable on the 2016 March PCS semi-annually in arrears in equal instalments, which may be deferred at the sole discretion of the Company unless a compulsory distribution payment events (including a discretionary dividend distribution or other payment has been declared or paid by the Company on debt securities any class of the Company’s share capital has occurred).

On 20 May 2019, the Company partially redeemed the 2016 March PCS in the total amount of HK\$100,000,000. As at 31 December 2025, an aggregate principal amount of HK\$70,000,000 remained outstanding, convertible into 2,575,423 Shares. During the Year, an aggregate amount of HK\$2,100,000 was distributed and paid to the holder of 2016 March PCS on 29 March 2025, while the distribution payable on 29 September 2025 in the aggregate amount of HK\$2,100,000 had been deferred (2024: Nil).

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

On 4 October 2024, having considered (i) the continuous cancellation of the distributions will have negative impact on the reputation of the Company; (ii) the Company has sufficient cash and bank balance; and (iii) the dilution impact of the conversion of the 2016 October PCS, the Board decided to redeem the 2016 October PCS in full by way of (i) cash considerations paid to Gangyu Technology Group Holdings Limited (“GTGHL”) (港譽科技控股集團有限公司), a controlling shareholder of the Company, 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 GTGHL, amounted to HK\$302,000; and (iii) settlement through issuance of perpetual bonds in the principal amount of HK\$80,000,000 to GTGHL. 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 in 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

Perpetual Bonds

In December 2024, the Company as issuer entered into a subscription agreement (the “Subscription Agreement”) with GTGHL as subscriber, pursuant to which the Company agreed to issue, and GTGHL 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 GTGHL by way of offsetting redemption amount of HK\$80,000,000 under the 2016 October PCS.

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 in arrears each year on 30 September. 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.

On 5 September 2025, the Board resolved to cancel the distribution of Perpetual Bonds interest, totaling HK\$3,240,000. The Perpetual Bonds remain outstanding as of 31 December 2025.

As (i) the terms of the Subscription Agreement are on normal commercial terms or better; and (ii) the Perpetual Bonds are not secured by any asset of the Group, the issue of the Perpetual Bonds by the Company is fully exempt from the shareholders’ approval, annual review and all disclosure requirements under Rule 14A.90 of the Listing Rules.

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. During the Year, the Group has not used derivative financial instruments to hedge against its foreign currency risk.

CAPITAL COMMITMENT

As at 31 December 2025, the Group had capital commitment relating to the investment in an equity security of approximately HK\$16.7 million (2024: approximately HK\$15.9 million).

MANAGEMENT DISCUSSION AND ANALYSIS

MATERIAL ACQUISITION, SIGNIFICANT INVESTMENTS AND DISPOSAL

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

PLEDGE OF ASSETS

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

MATERIAL CONTINGENT LIABILITIES

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

NUMBER AND REMUNERATION OF EMPLOYEES

As at 31 December 2025, the total number of employees of the Group was approximately 1,878 (2024: approximately 2,100). Staff costs (including Directors' emoluments) of approximately HK\$93.1 million (2024: approximately HK\$98.8 million) were incurred during the Year.

In addition to salary, other fringe benefits such as share award scheme, 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 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 for the payment of retirement and other post-retirement benefits of 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.

FINAL DIVIDEND

The Board has resolved not to recommend the payment of a final dividend for the Year (2024: Nil).

EVENT AFTER THE REPORTING PERIOD

The Directors are not aware of any material event of the Group that has taken place subsequent to 31 December 2025 and up to the date of this annual report.

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

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Mr. Mo Yueming (“Mr. Mo”)

Chairman of the board of directors, executive director

Mr. Mo, aged 61, was appointed as an executive Director on 2 May 2018 and the chairman of the Board on 28 June 2024. Mr. Mo was the chief executive officer of the Company during the period from November 2024 to October 2025. Currently, he is the chairman of the nomination committee of the Board (the “Nomination Committee”) and a member of the remuneration committee of the Board (the “Remuneration Committee”). Mr. Mo holds a degree of Executive Master of Business Administration from the HEC school of Management in Paris, France, a Master’s degree in Business in Economics (商業經濟學) from the Chinese Academy of Social Sciences (中國社會科學院) and a Bachelor’s degree in Accounting from Beijing Institute of Business* (北京商學院).

Mr. Mo has over 20 years of experience in accounting and corporate management of the tourism industry and other industries, including working as the vice general manager and Chief Accountant of China Pan Travel Industry Development Co., Ltd.* (中國泛旅實業發展股份有限公司) (now known as China Spacesat Co., Ltd. (中國東方紅衛星股份有限公司) (「China Spacesat」), a company listed on the Shanghai Stock Exchange with stock code 600118 and Mr. Mo has been a director of China Spacesat since June 2001; Mr. Mo has been a director of Zhejiang Yongfeng Environmental Sci&tech Co., Ltd. (浙江永峰環保科技股份有限公司), a company listed on National Equities Exchange and Quotations with stock code 838806 since 23 February 2016 for a term from 23 February 2016 to 22 February 2019; and the senior vice president of Orient Landscape Holdings Co., Ltd.* (東方園林股份有限公司) and the Chief Operating Officer of Orient Brigade Group* (東方文旅集團) from 28 April 2017 to 27 November 2017. Besides, Mr. Mo was the president of Orient Victory Culture & Travel Group* (東勝文化旅遊集團) which is controlled by Mr. Shi and Comfort Cultural Tourism Industry Group Co., Ltd.* (康輝文化旅遊產業集團股份有限公司) from March 2018 to March 2019.

Mr. Mo has been a director of China Comfort Tourism Group Company Limited* (中國康輝旅遊集團有限責任公司) since April 2018. Further, since 2020, Mr. Mo has served as the chairman of Beijing Dora Aimeng Travel Development Holding Co., Ltd.* (北京朵拉愛萌旅遊開發股份有限公司) and Beijing Dongfu Petroleum Technology Co., Ltd.* (北京東孚石油科技有限公司).

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Ms. Hao Ying (“Ms. Hao”)

Executive director

Ms. Hao, the stage name of the announcer Luo Lan, aged 57, was appointed as an executive Director on 28 June 2024. Ms. Hao has over 30 years of experience in media integration, public opinion promotion, advertising operations, and team management. Ms. Hao has been the general manager of the property management business of the Group since April 2023.

Ms. Hao graduated from the Correspondence Institute of the Party School of the Central Committee of the Communist Party of China* (中共中央黨校函授學院) in December 1998, majoring in politics and law.

Prior to joining the Group, Ms. Hao served as the secretary of the secretary department from August 1990 to December 1993, a news anchor from January 1994 to March 2015, a deputy director from July 2010 to March 2015 and a director of music broadcasting from April 2015 to November 2019 at Shijiazhuang Broadcasting and Television Station* (石家莊廣播電視台). Thereafter, she served as the general manager of the brand management center of Orient Victory Property Development Company Limited* (東勝房地產開發有限公司) from December 2019 to January 2022 and acted as its deputy director and chief brand officer until her resignation in April 2023.

Mr. Xue Fei (“Mr. Xue”)

Executive director

Mr. Xue, aged 38, was appointed as an executive Director on 28 June 2024. Mr. Xue currently serves as the president of the Investment and Mergers and Acquisition Department of the Group. He also serves as the legal representative and general manager of certain subsidiaries of the Company.

Prior to joining the Group, Mr. Xue served as a (i) securities broker at China Merchants Securities Co., Ltd (招商證券股份有限公司) from July 2012 to January 2013 and (ii) capital specialist at Hebei Jiwu Metal Recycling Co., Ltd.* (河北冀物金屬回收有限公司) from July 2013 to March 2015. Thereafter, he joined Orient Victory Property Development Company Limited* (東勝房地產開發有限公司) and acted as a manager in the International Business Department from March 2015 to February 2018 and acted as a vice president in the same department until his resignation in February 2024.

Mr. Xue graduated from Tianjin University (天津大學) with an undergraduate degree in Engineering, majoring in Chemical Engineering and Technology, in 2011. He obtained a master’s degree in Economics from Shanghai Maritime University (上海海事大學), majoring in Industrial Economics, in 2013.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Mr. He Qi (“Mr. He”)

Non-executive director

Mr. He, aged 70, was appointed as an independent non-executive Director in September 2014. With effect from 7 May 2025, he has been redesignated as a non-executive Director and ceased to serve as a member of each of the Audit Committee and the Nomination Committee. He was an independent non-executive director of China Evergrande Group (“China Evergrande”), a company previously listed on the Stock Exchange (stock code: 3333), since 2009. China Evergrande, a company incorporated in the Cayman Islands, was wound up by the High Court of Hong Kong on 29 January 2024 and the listing of China Evergrande’s shares has been cancelled with effect from 9:00 a.m. on 25 August 2025 under Rule 6.01A(1) of the Listing Rules. From 2013 to May 2023, Mr. He was an independent non-executive director of China Merchants Land Limited, a company listed on the Stock Exchange (stock code: 978). Mr. He was the deputy secretary of China Real Estate Association for the period from 2006 to 2016. Mr. He was the secretary of Real Estate in Distribution and Rental Committee of China Real Estate Association during the period from 2005 to June 2025.

Mr. Lin Hua Rong, Harry (“Mr. Lin”)

Independent non-executive director

Mr. Lin, aged 64, was appointed as an independent non-executive Director on 28 June 2024. Mr. Lin is the chairman of the Remuneration Committee and a member of the Audit Committee. Mr. Lin graduated from China University of Political Science and Law, China (中國政法大學) with a bachelor’s degree in law in 1983. He passed the Common Professional Examination in Law in England and Wales in 1989, then became a solicitor in England and Wales. He was also admitted as a solicitor in Hong Kong in 1997.

In his early legal career, he worked in London for many years. Then, he moved to Hong Kong in 1998, providing multi-jurisdictional cross-border financing legal services for financial institutions. Thereafter, he set up Lin and Associates in 2015 and ceased to be a partner of the firm in 2019 for retirement.

Ms. Juliatt Jing Dong (“Ms. Dong”)

Independent non-executive director

Ms. Dong, aged 37, was appointed as an independent non-executive Director and a member of each of the Audit Committee, the Nomination Committee and the Remuneration Committee on 7 May 2025. Ms. Dong obtained the degrees of Juris Doctor and Master of Laws at The University of Sydney, Australia, both in 2016, as well as the Bachelor of Laws at China University of Political Science and Law, China (中國政法大學) in 2011. Prior to joining the Group, she worked at (i) Centurium Capital, Beijing office, during the period from January 2022 to February 2025 as compliance director; (ii) Dentons Australia, a law firm, at its Sydney office, during the period from March 2018 to January 2020 as a solicitor; and (iii) Bank of China Sydney Branch, during the period from December 2016 to March 2018 as an in-house counsel.

Ms. Dong was admitted as an attorney-at-law in New York State, The United States of America in 2020, and a lawyer in New South Wales, Australia in 2016.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Tam Kam Shing, Chris (“Mr. Tam”)

Independent non-executive director

Mr. Tam, aged 54, was appointed as an independent non-executive Director and the chairman of the Audit Committee and a member of the Nomination Committee on 21 January 2026. Mr. Tam graduated from the Hong Kong University of Science and Technology in 1994, with a Bachelor of Business Administration degree in Accounting. He was a fellow member of the Hong Kong Institute of Certified Public Accountants from 2006 to 2024 and The Association of Chartered Certified Accountants of the United Kingdom from 2002 to 2015, and an associate member of The Institute of Chartered Accountants in England and Wales from 2006 to 2023.

Mr. Tam possesses extensive experience in financial management and accounting. He is currently the Group Chief Financial Officer and Director of China Operations of PT. Trans Trie Jati, a commodity trading and logistics company in Indonesia, since June 2024, and an independent non-executive director of Medi Group Company (Nasdaq: MEDG) since December 2025, where he also serves as the chairman of the audit committee.

Prior to joining the Group, Mr. Tam served as Financial Controller of Avoteck (Group) Company Limited from January 2024 to August 2024 and Chief Financial Officer of Dongguan Chitwing Technology Co., Ltd. (東莞捷榮技術股份有限公司) (Stock code: SZ002855 on SZEX) from June 2023 to December 2023. He was the Financial Controller of Lung Cheong Resources Management Co., Ltd. from May 2016 to May 2021, and Vice President of Enterprise Development Holdings Limited (企展控股有限公司) (Stock Code: 1808) from June 2012 to August 2014.

Mr. Tam also held senior positions in several international accounting firms, including Director of Business Risk Services at Grant Thornton Hong Kong from October 2005 to January 2010, Manager of Business Risk Services and Assurance and Advisory Business Service at Ernst & Young from August 2001 to September 2005 (including experience in the Shenzhen office), and Manager of Assurance and Business Advisory at Arthur Andersen from September 2000 to July 2001. Earlier in his career, he served as Accounting Manager of Stareastnet.com Corporation (subsequently known as Sing Pao Media Enterprises Limited; formerly listed on GEM, stock code: 8010) from January 2000 to September 2000, and as Senior Accountant at Deloitte Touche Tohmatsu from July 1994 to May 1999.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Mr. Suei Feng-jih (“Mr. Suei”)

Chief executive officer

Mr. Suei, aged 57, was appointed as the chief executive officer of the Company on 1 October 2025. He joined the Company as an independent non-executive Director on 25 June 2018 and on 7 May 2025, he was redesignated as a non-executive Director and appointed as a vice chairman of the Board, and ceased to be the chairman of the Audit Committee and a member of each of the Nomination Committee and the Remuneration Committee. With effect from 1 October 2025, Mr. Suei has resigned from being a non-executive Director and a vice chairman of the Board. Mr. Suei graduated from National Cheng-Chi University (國立政治大學), Taiwan, with a Bachelor degree of Science in Banking in June 1993. In June 2005, he was awarded the Executive Master of Business Administration in Finance from National Central University (國立中央大學), Taiwan and was further awarded the Master of Business Administration from the University of Glasgow, the United Kingdom in September 2006.

Mr. Suei has extensive experience in the finance industry. He was licensed to carry on type 1 (dealing in securities) and type 9 (asset management) regulated activities under the SFO. From October 2001 to December 2006, Mr. Suei worked at the trust division of Taipei Fubon Bank as assistant vice president. From April 2007 to November 2009, he worked for KGI Wealth Management Limited with his last position as a responsible officer for type 1 (dealing in securities), type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO. From November 2009 to April 2010, he was the Head of Product Team of Wealth Management at Taishin International Bank Co., Ltd. (Hong Kong). From September 2010 to June 2019, he was a responsible officer of Pamirs Capital (H.K.) Limited and in charge of the supervision of type 1 (dealing in securities), type 4 (advising on securities) and type 9 (asset management) regulated activities. From July 2019 to December 2021, he was the general manager of ZJKF Securities Investment (Hong Kong) Limited (which was de-registered on 16 August 2024). From March 2022 to April 2023 and from April 2024 to March 2025, he was the chairman of Tatung (Shanghai) Co., Ltd. (大同(上海)有限公司). From January 2022 to March 2025, he was the Head of the Operating Department of the Finance and Accounting Department of Tatung Co., a company listed on the Taiwan Stock Exchange (stock code: 2371); and from March 2022 to May 2024, he was a director of Forward Electronics Co., Ltd., a company listed on the Taipei Exchange (stock code: 8085); and from May 2023 to March 2025, he was the legal representative and the chairman of Suzhou Forward Electronics Technology Co., Ltd. (蘇州福華電子科技有限公司) and Forward Electronics Equipment (Dongguan) Co. Ltd. (福華電子設備(東莞)有限公司).

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



REPORT OF THE DIRECTORS

The Board hereby presents the report of the Directors and the audited consolidated financial statements of the Group for the Year.

PRINCIPAL ACTIVITIES

During the Year, the Company was an investment holding company and its subsidiaries were 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.

FAIR REVIEW OF BUSINESS

The business review of the Group for the Year as required under Schedule 5 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), including a review of the business and a description of the principal risks and uncertainties facing the Group, particulars of important events affecting the Group that have been occurred since the end of financial year 2025 and an indication of likely future development in the Group's business are set out in the Chairman's Statement and the Management Discussion and Analysis from pages 4 to 10 and pages 11 to 21 of this Annual Report respectively. These discussions form part of this report of the Directors.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to promoting a sustainable and environmentally friendly environment as part of its corporate and social responsibility.

Recognising its obligation to mitigate the adverse environmental effects of its operations, the Group has proactively established relevant policies and implemented reasonable business measures to minimize environmental impact and adhere to relevant environmental laws and regulations.

To ensure compliance with environmental laws and regulations, the Group has implemented measures including (i) developing and enhancing management practices and operational guidelines for energy conservation, air and GHG emission reduction, noise control, and waste management; and (ii) procuring environmentally friendly equipment to support its business operations.

During the Year, the Group did not incur any significant fines or penalties related to the violation of environmental laws or regulations.

REPORT OF THE DIRECTORS

COMPLIANCE WITH LAWS AND REGULATIONS

As far as the Board is aware, during the Year, the Group had complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group.

Major Risks and Mitigation Measures

(1) Market and Competition Risk

Tender competition in the property management industry and the environmental hygiene industry remain intense, with pricing pressure rising alongside service standards, while the cultural tourism business (the integrated development businesses) face challenges arising from more cautious consumer decisions, intensified industry competition and fluctuations in event conversion rates. The Group adheres to an operating principle of “Quality Over Scale”, focusing on projects with sound payment history, stable demand for services and controllable profitability, while continuing to enhance collection rates, contract renewal rates and service quality for projects under management.

(2) Delayed Customer Payments and Cash Flow Risk

Certain customers of the Group, in particular government bodies or entities funded by fiscal authorities, are subject to relatively lengthy service acceptance and payment procedures, while the cash flow pressure of some customers has also introduced uncertainty in the progress of payment collection. The Group has identified reconciliation with customers, acceptance, invoicing and payment collection as key management priorities and implemented dedicated follow-up mechanisms for long-aged receivables in order to mitigate the risks of impairment losses and prolonged capital tie-up.

(3) Policy and Compliance Risk

The Group’s environmental hygiene, property management and cultural tourism operations are subject to the impact of government policies, service standards, safety requirements and regulatory oversight. In light of tightening regulation or adverse policy changes, the Group closely monitors policy developments, takes a prudent approach to equipment upgrades and project tender scheduling and enhances its compliance level through staff training, the standardization of operations and safety inspections so as to reduce the risk of deductions, administrative penalties and unforeseen costs.

KEY RELATIONSHIP WITH STAKEHOLDERS

Relationship with Employees

The Group recognises the importance of maintaining a positive relationship with its employees, as they are valuable assets that contribute to the Group’s long-term success. The Group aims to attract and retain skilled and talented individuals who align with its corporate culture. The Group implements various initiatives, including sponsored training and development programs and an effective incentive system to achieve this. Educating employees on proper conduct, anti-corruption best practices, and preventing unethical behavior fosters a culture of integrity and responsible business practices throughout the organisation.

For more comprehensive information on employee and staff costs and the Group’s emolument policy, please refer to the “Management Discussion and Analysis – Employees and Remuneration of Employees” section and the Environmental, Social, and Governance (the “ESG”) Report which is available on the websites of the Company and the Stock Exchange.

Relationship with Suppliers

The Group is dedicated to cultivating robust relationships with suppliers, recognising them as crucial long-term business partners that contribute to the stability of our operations. The Group has formulated the procurement procedure and assigned relevant personnel to manage its supply chain in an ESG-responsible manner. The Group enhance our business collaborations with suppliers through continuous, proactive, and effective communication. When selecting suppliers. The Group conduct assessments fairly, transparently, and consistently, ensuring the establishment of a level playing field in the market.

For more comprehensive information about the Group major suppliers, please refer to the section entitled “Major Customers and Suppliers” and the ESG Report which is available on the websites of the Company and the Stock Exchange.

Relationship with Customers

The satisfaction of the Group’s customers with our services and products has a profound impact on our profitability. The Group maintains constant and effective communication with existing and potential customers, aiming to establish a mutual understanding while meeting their needs and expectations. By understanding and fulfilling customers’ requirements, the Group can stay informed about market trends and adjust our operational strategies to meet market demands. Our continuous commitment to enhancing the quality of our products and services remains a top priority.

The Group has implemented robust privacy protection procedures to protect our customers’ private information.

For further comprehensive information about the Group’s major customers, please refer to the sections titled “Major Customers and Suppliers” and the ESG Report which is available on the websites of the Company and the Stock Exchange.

FINANCIAL RESULTS

The results of the Group for the Year are set out in the consolidated statement of profit or loss on page 68 of this Annual Report.

DIVIDEND POLICY

The declaration, form, frequency and amount of any dividend payout of the Company must be in accordance with relevant laws, rules and regulations and subject to the amended and restated memorandum and articles of association of the Company (the “Articles of Association”).

Provided there are distributable profits and without affecting the operations of the Group, the Company may consider to declare and pay dividends to the Shareholders. In deciding whether to propose a dividend and in determining the dividend amount, the Board shall take into account, including but not limited to: (i) the general financial condition of the Group; (ii) working capital and debt level of the Group; (iii) future cash requirements and availability for business operations, business strategies and future development needs; (iv) any restrictions on payment of dividends that may be imposed by the Group’s lenders; (v) the general market conditions; and (vi) any other factors that the Board deems appropriate.

The payment of the dividend by the Company is also subject to any restrictions under the Companies Act of the Cayman Islands and the Articles of Association.

The Board does not recommend the payment of a final dividend for the Year (2024: Nil).

REPORT OF THE DIRECTORS

CHARITABLE DONATIONS

The Group had not made any donations during the Year (2024: HK\$Nil).

PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTIES AND RIGHT-OF-USE ASSETS

Details of movements in the property, plant and equipment, investment properties and right-of-use assets of the Group during the Year are set out in notes 13, 14 and 15 to the consolidated financial statements respectively.

PERPETUAL CONVERTIBLE SECURITIES (“PCS”)

The 2016 March PCS

With a view to broadening the shareholder base, increasing the Company’s capital base, and repaying the loan of the Company, the Company issued perpetual convertible securities on 30 March 2016 (“2016 March PCS Issue Date”), with 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. As at 31 December 2025 and 2024, there were 128,771,155 units of the 2016 March PCS in an aggregate principal amount of HK\$70,000,000 outstanding.

Summary of the principal terms of the 2016 March PCS

Ranking:	The 2016 March PCS constitutes direct, guaranteed, secured and unsubordinated obligations of the Company and shall at all times rank pari passu without any preference among themselves.
Maturity date:	The 2016 March PCS are perpetual securities with respect to the fact that there is no fixed redemption date.
Distributions:	The 2016 March PCS confers a right to receive distribution at 6% per annum (“2016 March PCS Distribution”) from the 2016 March PCS Issue Date. The 2016 March PCS Distribution shall be payable on the 2016 March PCS semi-annually (each payment date, a “2016 March PCS Distribution Payment Date”).

If any 2016 March PCS Distribution is required to be calculated for a period of less than one year, it will be calculated on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed.

The Company may, at its sole discretion, elect to defer in whole or in part the 2016 March PCS Distribution, which is otherwise scheduled to be paid on a 2016 March PCS Distribution Payment Date, to the next 2016 March PCS Distribution Payment Date by giving notice of not more than 20 nor less than 10 business days prior to the relevant 2016 March PCS Distribution Payment Date unless a Compulsory Distribution Payment Event has occurred. Any such deferred Distribution shall constitute “Arrears of Distribution”.

REPORT OF THE DIRECTORS

Each amount of Arrears of Distribution shall accrue distribution as if it constituted the principal of 2016 March PCS Distribution at the Distribution interest rate at 6% per annum (“Distribution Rate”) and the amount of such distribution (“Additional Distribution Amount”) with respect to Arrears of Distribution shall be calculated by applying the Distribution rate to the amount of the Arrears of Distribution and otherwise mutatis mutandis as provided in the terms and conditions in relation to the 2016 March PCS. The Additional Distribution Amount accrued up to any 2016 March PCS Distribution Payment Date shall be added (for the purpose of calculating the Additional Distribution Amount accruing thereafter) to the amount of Arrears of Distribution remaining unpaid on such 2016 March PCS Distribution Payment Date so that it will itself become Arrears of Distributions.

Restriction in case of distribution deferral:

If, on any 2016 March PCS Distribution Payment Date, payment of all Distribution payments scheduled to be made on such date is not made in full, the Company shall not: (a) declare or pay any discretionary dividends or distributions or make any other payment, and will procure that no dividend, distribution or other payment is made, on any parity securities or junior securities of the Company; or (b) at its discretion repurchase, redeem or otherwise acquire for any consideration any parity securities or early redeemable securities prior to its stated maturity or junior securities of the Company, in each case, unless and until (i) the Company has satisfied in full all outstanding Arrears of Distribution and Additional Distribution Amount; or (ii) the Company is permitted to do so by a holder of 2016 March PCS.

Conversion:

Subject to the serving of a duly completed and executed conversion notice and the condition that no fraction of share will not be issued on conversion, a holder of 2016 March PCS has the right to convert its 2016 March PCS into Shares, provided that the holder of 2016 March PCS may only convert such number of 2016 March PCS as would not cause the Company to not comply with the minimum public float requirement under the rules and regulations of the Stock Exchange, following the conversion.

Initial conversion price:

The conversion price of 2016 March PCS is HK\$0.5436 per ordinary share of the Company, subject to adjustments including, among others, as a result of consolidation, subdivision, re-denomination or reclassification, capitalisation of profits or reserves, all distributions, rights issues or issue of options, warrants or other rights to subscribe for or purchase of the Shares, rights issues of securities (other than the Shares or options, warrants or other rights to subscribe for or purchase Shares), issues at a price which below the current market price of the Shares, modifications of rights of conversion, exchange, subscription, purchase or acquisition attaching to any such securities, offers to the Shareholders.

Due to the completion of the Share Consolidation on 4 December 2024, the conversion price of the 2016 March PCS adjusted upward to HK\$27.18 per ordinary share from HK\$0.5436 per ordinary share of the Company.

Voting:

The holder of 2016 March PCS will not be entitled to attend or vote at any meetings of the Company by reason only of it being a holder of 2016 March PCS.

Transferability:

The 2016 March PCS is freely transferrable.

REPORT OF THE DIRECTORS

Redemption: The 2016 March PCS are perpetual securities in respect of which there is no fixed redemption date.

The Company may, at its option at any time, by giving not less than five business days' written notice to the holder of 2016 March PCS, redeem either in whole or in part of the 2016 March PCS for the time being outstanding at the optional redemption price together with all outstanding 2016 March PCS Distribution and the 2016 March PCS Distribution accrued to the date fixed for redemption.

Forced redemption event: Upon the occurrence of a sale, disposal, or transfer by the Company of any of its major assets without the prior written approval of the holder of 2016 March PCS, the holder of 2016 March PCS serve a notice on the Company requiring the Company to redeem the outstanding 2016 March PCS held by such holder of 2016 March PCS at the forced redemption price together with all outstanding 2016 March PCS Distribution and the 2016 March PCS Distribution accrued to the date fixed for redemption.

Put option: Mr. Shi is required, at the option of any holder of the 2016 March PC, to purchase all or part of their holding of the 2016 March PCS on the date of the third anniversary of the completion date of the issue of the 2016 March PCS at the put repurchase price, which includes the principal amount and a 12% annual interest rate on the principal amount of the 2016 March PCS.

Forced repurchase event: Upon the occurrence of a Forced Repurchase Event, the holder of the 2016 March PCS may serve a notice on the Company requiring Mr. Shi to purchase the outstanding 2016 March PCS held by such holder of the 2016 March PCS at the forced repurchase price together with all outstanding 2016 March PCS Distributions and 2016 March PCS Distribution accrued to the date fixed for repurchase.

A "Forced Repurchase Event" means, among other things, any of the following events:

- (i) an occurrence of a material adverse change in the Company;
- (ii) Mr. Shi ceases to hold, directly or indirectly, over 50 percent of the entire issued share capital of the Company;
- (iii) the Company fails to deposit an amount equivalent to six percent of the then outstanding principal amount of the PCS on each anniversary date of the 2016 March PCS Issue Date into the Reserve Account;

REPORT OF THE DIRECTORS

- (iv) the Company becomes insolvent or is unable to pay its debts as they fall due or applies for or consents to or suffers the appointment of any administrator, liquidator or receiver of the Company or the whole or any substantial part of the undertaking, property, assets or revenues of the Company or takes any proceeding under any law for a re-adjustment or deferment of its obligations or any part of them;
- (v) a petition is presented, a proceeding is commenced, an order is made, or an effective resolution is passed for the winding-up, insolvency, administration or dissolution of the Company;
- (vi) the insolvency of the Company;
- (vii) a moratorium is agreed or declared in respect of any indebtedness of the Company or any governmental authority or agency condemns, seizes, compulsorily purchases or expropriates all or a substantial part of the assets of the Company or any of its principal operating subsidiaries;
- (viii) the listing of the Shares (as a class) on the Stock Exchange ceases;
- (ix) the Company fails to meet the minimum public float requirement under the rules and regulations of the Stock Exchange;
- (x) any of the personal guarantee or the corporate guarantee becomes unenforceable or invalid or shall for any reason cease to be in full force and effect or is claimed to be unenforceable, invalid or not in full force and effect by any of the guarantors; and
- (xi) the security is or becomes unenforceable or invalid or is not or shall for any reason cease to be in full force and effect or is claimed to be unenforceable, invalid or not in full force and effect or any security interest created pursuant to the security documents is not or fails to remain perfected and of first priority in favour of the security agent for the benefit of itself and the holder of the 2016 March PCS.

The principal and relevant terms have been extracted above. For further details regarding the 2016 March PCS, please refer to the announcements of the Company dated 28 June 2015 and 8 January 2016, as well as the circular of the Company dated 21 August 2015.

Details of the 2016 March PCS during the Year are set out in note 29 to the consolidated financial statements.

REPORT OF THE DIRECTORS

EQUITY-LINKED AGREEMENTS

Save as disclosed in this Annual Report and section headed “Share Award Scheme” below, the Company has not entered into or renewed any equity-linked agreement during the Year or subsisted at the end of the Year.

SHARE AWARD SCHEME

The Company adopted a share award scheme (the “Share Award Scheme”) on 30 May 2025 (the “Adoption Date”). The following is a summary of the principal terms of the Share Award Scheme. Please refer to the voluntary announcement of the Company dated 30 May 2025.

Purpose of the Share Award Scheme

The purpose of the Share Award Scheme is to provide the Company with a flexible means of attracting, remunerating, incentivising, retaining, rewarding, compensating and/or providing benefits to eligible participants through aligning their interests with those of the Company and the Shareholders. The Share Award Scheme will provide the eligible participants with an opportunity to have a personal stake in the Company and will help to motivate the eligible participants in optimising their performance and efficiency and thereby, encouraging the eligible participants 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. The Share Award Scheme can also attract and retain the eligible participants whose contributions are important to the long-term growth of the Group.

Duration and Administration

The Share Award Scheme shall be valid and effective until the date which is ten (10) years after the Adoption Date. As at 31 December 2025, the remaining life of the Share Award Scheme is approximately 9 years and 5 months. After the expiry of the Share Award Scheme, no further awards shall be offered or granted, but in all other respects the provisions of the Share Award Scheme shall remain in full force and effect to the extent necessary to give effect to the settlement of any awards granted prior thereto or otherwise as may be required in accordance with the provisions of the Share Award Scheme.

The Share Award Scheme shall be subject to the administration of the Board in accordance with the rules governing the Share Award Scheme (the “Scheme Rules”). The Board shall have the sole and absolute right to, among others, interpret and construe the provisions of the Share Award Scheme and determine the selected employee participants who will be granted Share Awards under the Share Award Scheme, the terms and conditions on which share awards are granted and when the share awards granted pursuant to the Share Award Scheme may vest.

Eligibility

Employee participants shall be eligible for the Share Award Scheme. Employee participants refer to chief executive, any executive or non-executive Director or any employee of the Group (including persons who are granted share awards under the Share Award Scheme as an inducement to enter employment contracts or service contracts or appointment letters with the Group).

Current employees (having the relevant experience and skills and/or certain length of service) who have contributed and continue to contribute, or new joiners having the experience and skills that can contribute, to the Group’s current operations and future development, including, but are not limited to, those who are (i) crucial in managing the Group’s principal businesses and bringing in new opportunities for the Group’s travel-related and/or property management businesses; (ii) important in managing the growth and stability of the Group’s principal businesses; and (iii) vital in ensuring smooth running of daily operations as well as providing guidance on all matters such as corporate governance.

Amount Payable on Acceptance of the Award

The Board may determine, among other things, the purchase price and other terms and conditions of the share award. The purchase price, if any, will be notified to the grantee in writing.

Grant Period

The Board shall, subject to and in accordance with the provisions of the Share Award Scheme and the Listing Rules, be entitled (but shall not be bound) at any time and from time to time on any business day within a period of ten (10) years commencing on the Adoption Date to grant to the selected employee participant an award of existing Shares as an incentive bonus provided that no share awards shall be granted by the Board after inside information (as defined in the Listing Rules) has come to its knowledge until (and including) the trading day after it has announced the information. In particular, it shall not grant any share awards during the period commencing one month immediately before the earlier of:

- (a) the date of the Board meeting (as such date is first notified to the Stock Exchange under the Listing Rules) for approving the Company's results of any year or any interim period (whether or not required under the Listing Rules); and
- (b) the deadline of the Company to announce its results for any year or interim period (whether or not required under the Listing Rules),

and ending on the date of the results announcement, including any period of delay in publishing the results announcement.

Maximum number of Shares subject to Awards

The total number of Shares which may be granted under the Share Award Scheme must not in aggregate exceed 10% of the total number of Shares in issue as at the Adoption Date (excluding treasury shares) (the "Scheme Mandate Limit"). On the basis that the total number of issued Shares as of the Adoption Date was 258,441,510 Shares, the aforesaid 10% limit represents a total of 25,844,151 Shares.

The maximum number of awarded Shares which may be granted to an employee participant at any one time or in aggregate must not exceed 1% of the issued share capital of the Company as at the Adoption Date in any 12-month period.

Any grant of share awards to any of the Directors or chief executive of the Company or any of their respective associates under this Share Award Scheme must be approved by the independent non-executive Directors.

Vesting Period

Any awarded shares granted to a grantee pursuant to the Scheme Rules shall vest in such grantee in accordance with the vesting conditions as set out in the grant letter. If the Board is satisfied that the relevant grantee has satisfied the vesting conditions (save for the receipt of the purchase price, if any), the Board shall send to the grantee (or his/ her representative or lawful successor as the case may be) a vesting notice (the "Vesting Notice") at least 10 business days before the vesting date notifying the grantee of the intended vesting of the awarded shares.

Without prejudice to any restrictions set out in the Vesting Notice which shall continue to be in force after the vesting of the awarded shares, once the vested awarded shares are transferred to the relevant grantee, they shall no longer be subject to any restrictions and limitations and shall rank pari passu with other Shares.

The Group's overall employee remuneration packages generally include salaries and bonuses. The share awards to be granted serve the dual purposes of rewarding the relevant employee's past contributions as well as to retain the employee to contribute and share the future growth of the Company.

To receive the awarded shares upon vesting, the grantee must have executed such documents and taken such procedures as are reasonably required by the Company to effect the transfer of the awarded shares.

All selected employee participant must satisfy, if any, all such performance targets and conditions as set by the Board in the grant letter. No awarded shares shall be vested in the relevant grantee if he/she fails to satisfy the performance targets or conditions.

REPORT OF THE DIRECTORS

Performance Targets

All-rounded qualitative factors and/or performance indicators of each employee participant will be assessed individually and taken into account when grants are being made. The assessments will be conducted on a continuous basis with expectations on the employee participant's performance being conveyed and agreed between the Company and the relevant employee participant periodically. The performance expectations will be specific to the employee participant's job scope. In essence, there is a performance target specific to each of the employee participant's job scope. The management assess the performance of each employee participant on a rolling basis over the year. They agree on key work objectives that are specific to each person's job scope in the coming period, and compare performance to date with previously agreed objectives.

The Board (including the Remuneration Committee) will consider qualitative factors and performance indicators which include (i) the employee participants' responsibilities and contributions in terms of quality of service, time management and project coordination and execution; and (ii) the employee participants' potential contributions in terms of their abilities to introduce new connections or new businesses.

For the operational, finance and administrative staff are imperative to maintaining steady operations and performance. Their tasks include monitoring of progress of contracts, financial and cash flow reporting, as well as coordination with service providers. The Board (including Remuneration Committee) will consider the employee participants' skills in managing these tasks in the past and their potential ability to make improvements.

Clawback Mechanism

The Board may, in its absolute discretion, specify in the grant letter the clawback mechanism for the Company to recover or withhold a share award granted to a selected employee participant if, in respect of any share award which is performance linked, there is a material misstatement in the consolidated financial statements of the Company that requires a restatement, or any other circumstance that shows or leads to any of the prescribed performance targets having been assessed or calculated in a materially inaccurate manner. The Board is of the view that the clawback mechanism in the Share Award Scheme provides the Board with a choice to claw back the equity incentives granted to certain selected employee participant and more flexibility in setting the terms and conditions of the share awards under particular circumstances, which would facilitate the objective to offer meaningful incentives to attract and retain quality personnel that is valuable to the development of the Group, and is in line with the purpose of the Share Award Scheme.

Since the Adoption Date, no share awards have been granted, vested, cancelled, or lapsed, and there are no unvested share awards. For further details, please refer to Note 26 to the consolidated financial statements.

As the Share Award Scheme is funded by existing Shares only and no share option scheme has been adopted by the Company, the number of Shares that may be issued in respect of options and awards granted under all schemes of the Company during the Year divided by the weighted average number of shares of the relevant class in issue (excluding treasury shares) for the Year was nil.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association or the Companies Act of the Cayman Islands where the Company was incorporated, which would oblige the Company to offer new shares on a pro rata basis to existing Shareholders.

SHARE CAPITAL

Details of movements in the share capital of the Company during the Year are set out in note 28 to the consolidated financial statements.

RESERVES

Details of movements in the reserves of the Company and the Group during the Year are set out in note 39(a) to the consolidated financial statements and on page 73 in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES OF THE COMPANY

The aggregate amount of reserves available for distribution to equity shareholders of the Company as at 31 December 2025 amounted to approximately HK\$103,668,000 (2024: approximately HK\$109,471,000), calculated in accordance with the provisions of the Companies Act of the Cayman Islands.

FIVE YEARS FINANCIAL SUMMARY

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the audited consolidated financial statements and restated/reclassified as appropriate, is set out on page 152 of this Annual Report.

DIRECTORS

The Directors during the Year and up to the date of this Annual Report are:

Executive Directors:

Mr. Mo Yueming (*Chairman*) (*Resigned as chief executive officer on 1 October 2025*)

Ms. Hao Ying

Mr. Xue Fei

Non-executive Director:

Mr. Swei Feng-jih (*Appointed as vice chairman and redesignated from independent non-executive Director to non-executive Director on 7 May 2025; resigned as vice chairman and non-executive Director on 1 October 2025*)

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

Independent Non-executive Directors:

Mr. Lin Hua Ying, Harry

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

Mr. Yao Gang (*Appointed on 30 June 2025 and resigned on 21 January 2026*)

Mr. He Qi (*Redesignated to non-executive Director on 7 May 2025*)

Mr. Swei Feng-jih (*Redesignated to non-executive Director on 7 May 2025*)

Mr. Tam Kam Shing, Chris (*Appointed on 21 January 2026*)

In accordance with Article 116 of the Articles of Association, at each annual general meeting, one-third of the Directors for the time being (or, if such number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation, provided that every Director shall be subject to retirement at least once every three years at the annual general meeting. The Directors to retire in every year shall be those who have been longest in office since their last re-election or appointment, but as between persons who became or were last re-elected Directors on the same day, those to retire shall (unless otherwise agreed between themselves) be determined by lot.

REPORT OF THE DIRECTORS

Accordingly, each of Mr. Mo Yueming, Mr. He Qi and Mr. Lin Hua Rong, Harry will retire by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting to be held on 29 June 2026 (the “2026 AGM”).

Further, pursuant to Article 99 of the Articles of Association, the Board shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an addition to the Board. Any Director so appointed shall hold office only until the first annual general meeting of the Company after his/ her appointment and shall then be eligible for re-election at that meeting provided that, if such general meeting is an Annual General Meeting, any Director who so retires shall not be taken into account in determining the number of Directors who are to retire at such meeting by rotation pursuant to Article 116 of the Articles of Association.

Accordingly, Mr. Tam Kam Shing, Chris, who was appointed by the Board on 21 January 2026, should also retire at the 2026 AGM and, being eligible, has offered himself for re-election at the 2026 AGM.

At the 2026 AGM, separate ordinary resolutions will be put forward to the Shareholders for the re-election of Mr. Mo Yueming as an executive Director, Mr. He Qi as a non-executive Director, and each of Mr. Ling Hua Rong, Harry and Mr. Tam Kam Shing, Chris as independent non-executive Directors.

DIRECTORS’ AND SENIOR MANAGEMENT’S BIOGRAPHIES

Biographical details of the Directors and senior management are set out in the section headed “Biographies of Directors and Senior Management” on pages 22 to 26 of this Annual Report.

CHANGES IN DIRECTORS’ INFORMATION UNDER RULE 13.51B(1) OF THE LISTING RULES

Pursuant to Rule 13.51B(1) of the Listing Rules, the change of the information of the Directors is as follows:

1. With effect from 7 May 2025, Mr. He Qi has been redesignated from an independent non-executive Director to a non-executive Director. Following his redesignation, he ceased to be a member of each of the Audit Committee and the Nomination Committee. Mr. He is entitled to a director’s fee of HK\$150,000 per annum.
2. With effect from 7 May 2025, Mr. Swei has been redesignated from an independent non-executive Director to a non-executive Director, and was appointed as a vice chairman of the Board. Following his redesignation, he ceased to be the chairman of the Audit Committee and as a member of both the Remuneration Committee and the Nomination Committee. Mr. Swei was entitled to a director’s fee of HK\$200,000 per annum.

With effect from 30 September 2025, Mr. Swei has ceased to be the vice chairman and a non-executive Director, and has been appointed as the chief executive officer of the Company with effect from 1 October 2025. Mr. Swei is entitled to an annual remuneration of HK\$1,200,000 in his capacity as the chief executive officer.

3. Mr. Mo resigned as the chief executive officer of the Company with effect from 30 September 2025.

Save as disclosed above, during the Year, there was no change to information which is required to be disclosed and has been disclosed by the Directors pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules.

DIRECTORS' SERVICE CONTRACTS OR LETTER OF APPOINTMENTS

None of the Directors has a service contract or letter of appointments with the Company which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation (other than statutory compensation).

DIRECTORS' INDEMNITY PROVISION

Pursuant to Article 179 of the Articles of Association, every Director shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him as a Director in defending any proceedings, whether civil or criminal, in which judgement is given in his favour, or in which he is acquitted.

The Company had arranged for appropriate directors' liability insurance coverage for the Directors of the Group during the Year.

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules from each of the independent non-executive Directors and the Company considers such Directors to be independent since the date of their respective appointment date and as at the date of this Annual Report, the Company still considers the independent non-executive Directors to be independent.

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS

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.

For the Year, save as disclosed above and note 34 to the consolidated financial statements, there was no contract of significance entered into between the Company or its holding companies or any of its subsidiaries and any controlling Shareholders or any of its subsidiaries.

For the Year, save as disclosed above and note 34 to the consolidated financial statements, none of the Company or any of its subsidiaries has entered into any contract of significance for the provision of services by any controlling Shareholders or any of its subsidiaries.

REPORT OF THE DIRECTORS

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in notes 9 and 34 to the consolidated financial statements, none of the Directors or entities connected with the Directors had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the Year.

REMUNERATION POLICY, DIRECTORS' REMUNERATION AND PENSION SCHEME

The Remuneration Committee was set up to review the Group's emolument policy and structure for all remuneration of the Directors and senior management of the Group on the grounds of the Group's operating results, individual performance of the Directors and senior management, and comparable market practices. Reimbursement is allowed for out-of-pocket expenses incurred in connection with the performance of their duties, including attendance at board meetings and committee meetings.

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 comparable to those of the market. Individual employees may also receive a discretionary bonus at the end of each year based on their 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 for the payment of retirement and other post-retirement benefits of its employees. The assets of these plans are held separately from those of the Group in independently administrated funds managed by the PRC government.

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.

As at 31 December 2025, the total number of employees of the Group was approximately 1,878 (2024: approximately 2,100). Staff costs (including Directors' emoluments) of approximately HK\$93.1 million (2024: approximately HK\$98.8 million) were incurred during the Year.

REMUNERATION OF DIRECTORS AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

Details of the emoluments of the Directors and five highest paid individuals are set out in note 9 to the consolidated financial statements in this Annual Report.

During the Year, none of the Directors have waived their emoluments in relation to their services.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2025, the interests and short positions of the Directors and chief executive of the Company in 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 <small>(Note 1)</small>	Approximate percentage of shareholding in the Company <small>(Note 2)</small>
Mr. Xue Fei	Beneficial owner	18,000	0.01%

Notes:

- The approximate percentage was calculated based on 258,441,510 Shares in issue as at 31 December 2025.
- The number of Shares has been adjusted as a result of the Share Consolidation.

Save as disclosed above, as at 31 December 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

At no time during the Year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company and any of 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.

REPORT OF THE DIRECTORS

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 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 <small>(Note 4)</small>	Approximate percentage of shareholding in the Company <small>(Note 5)</small>
Mr. Shi	Beneficial owner Interest in controlled corporation	2,604,782 160,465,320 ^(Note 1)	1.01% 62.09%
GTGHL ^(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%
China Comfort International Tourism Group Company Limited (中國康輝國際旅遊集團有限公司)	Person having security interests in shares of the Company	30,369,205	11.75%

Notes:

- GTGHL is wholly owned by Mr. Shi. The security interests include (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 GTGHL.
- 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 132,600,897 Shares, in the aggregate, comprise security interests in (i) 130,025,474 Shares pledged by GTGHL and (ii) the 2016 March PCS (convertible into 2,575,423 Shares) pledged by GTGHL.
- The number of Shares has been adjusted as a result of the Share Consolidation.
- The approximate percentage was calculated based on 258,441,510 Shares in issue as at 31 December 2025.

Save as disclosed above, as at 31 December 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.

DIRECTORS/CONTROLLING SHAREHOLDER'S INTEREST IN COMPETING BUSINESSES

Mr. Shi has interests in businesses that compete or may compete, either directly or indirectly, with the Group's operations during the Year and up to the date of this Annual Report. The details of Mr. Shi's interest in the competing businesses of the Group are set out below.

Name of Director/ Controlling Shareholder	Name of entity which were considered to compete or likely to compete with the business of the Group	Description of competing business	Nature of interest
Mr. Shi/GTGHL (controlling shareholders)	Longtrade Genesis Group HK Holdings Limited ("LGGHK") (formerly named as Orient Victory Group HK Holdings Limited (東勝集團香港控股有限公司)) (Note 1)	Real estate/Property development	Sole director and sole shareholder
	OVPD (Note 1)	Real estate/Property development	Beneficial owner of 95% interest
	Hebei Jianing Commercial Management Co., Limited* (河北嘉寧商業管理有限公司) (Note 2)	Commercial property management	Sole shareholder
	Hebei Orient Victory Commercial Management Co., Limited* (河北東勝商業管理有限公司) (Note 2)	Commercial property management	Sole shareholder

Notes:

- As (i) Mr. Shi will abstain from voting on any matter where there was or might have been a conflict of interest; (ii) the Group engaged only in travel-related property development projects located in the countryside while LGGHK and OVPD engaged in property development projects other than travel-related property development projects located in urban areas; and (iii) the Group had the right of first refusal on any travel-related property development projects, the Group was capable of carrying its business independently and at arm's length from the businesses of these entities.
- As (i) Mr. Shi will abstain from voting on any matter where there was or might have been a conflict of interest; and (ii) the Group had the right of first refusal on any further projects relating to the property management services and commercial properties and merchants management services, the Group was capable of carrying its business independently and at arm's length from the businesses of these entities.

Save as disclosed above, as at 31 December 2025, none of the Directors or controlling shareholders or any of their respective close associates had engaged in or had any interest in any business which causes or may cause any competition with the business of the Group or any conflicts with the interests of the Group.

REPORT OF THE DIRECTORS

CONTINUING CONNECTED TRANSACTIONS

During the Year, the Group had the following continuing connected transactions which were subject to reporting, annual review and announcement requirements and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules:

Framework Agreement with OVPD

On 1 December 2021, the Company entered into a framework agreement (the "Framework Agreement") with OVPD in respect of the provision of (i) the event planning and all-round event production services (the "Event Planning Services") in connection with the real estate development business of OVPD and its subsidiaries (collectively the "OVPD Group"); (ii) the property management services (the "Property Management Services"); and (iii) the commercial properties and merchants management services (the "Commercial Properties and Merchants Management Services") with OVPD, which expired on 31 December 2023. Further details of the Framework Agreement are set out in the Company's circular dated 28 February 2022. On 4 December 2023, the Company entered into a new framework agreement with OVPD ("2024 Framework Agreement"), pursuant to which OVPD agrees to appoint the Group for the provision of (i) the Property Management Services; (ii) the Commercial Properties and Merchants Management Services; and (iii) the environmental sanitation engineering services (the "Environmental Sanitation Engineering Services") for a term of 3 years commencing on 1 January 2024 and ending on 31 December 2026. For details of the 2024 Framework Agreement, please refer to the circular of the Company dated 29 December 2023.

As OVPD is owned as to 95% by Mr. Shi, OVPD is an associate of Mr. Shi (who is a controlling shareholder and was a then Director) and thus a connected person of the Company. Therefore, the 2024 Framework Agreement and the transactions contemplated thereunder constituted continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios (other than the profits ratio) in respect of the maximum total amount of the annual caps (the "Annual Caps") of the services are more than 5% and exceed HK\$10.0 million, the transactions contemplated under the 2024 Framework Agreement are subject to the reporting, annual review, announcement, circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The 2024 Framework Agreement and the transactions contemplated thereunder (including the Annual Caps) were approved by independent Shareholders in an extraordinary general meeting of the Company held on 18 January 2024.

Set out below are the Annual Caps under the 2024 Framework Agreement in respect of each of (i) the Property Management Services, (ii) the Commercial Properties and Merchants Management Services and (iii) Environmental Sanitation Engineering Services under the 2024 Framework Agreement.

	Annual Caps for the year ended/ending		
	31 December 2024	31 December 2025	31 December 2026
	RMB (Million)	RMB (Million)	RMB (Million)
Property Management Services	7.0	4.2	4.2
Commercial Properties and Merchants Management Services	36.0	36.0	36.0
Environmental Sanitation Engineering Services	10.6	13.3	14.1

REPORT OF THE DIRECTORS

For the Year, the aggregate transaction amounts (including value added tax) of the Property Management Services, the Commercial Properties and Merchants Management Services and the Environmental Sanitation Engineering Services were RMB2.0 million (equivalent to approximately HK\$2.1 million), RMB19.7 million (equivalent to approximately HK\$21.4 million) and nil) respectively.

The auditor of the Company has confirmed that the aggregate transaction amounts of each of the Property Management Services, and the Commercial Properties and Merchants Management Services with the OVPD Group for the Year had not exceeded the respective Annual Caps for the Year.

Due to the revising on the design layout of certain projects of OVPD, there was no Environmental Sanitation Engineering Services income recorded for the Year.

Confirmations from the Directors, independent non-executive Directors and auditor of the Company

The Directors confirm that the Company had complied with the disclosure requirements under Chapter 14A of the Listing Rules in respect of the continuing connected transactions entered into by the Group during the Year.

Pursuant to Rule 14A.55 of the Listing Rules, the independent non-executive Directors have reviewed the above continuing connected transactions and other fully exempt continuing connected transactions during the Year, and confirmed that the transactions have been entered into:

1. in the ordinary and usual course of business of the Group;
2. on normal commercial terms or better; and
3. according to the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

Forvis Mazars CPA Limited (“Forvis Mazars”), the auditor of the Company (the “Auditor”), was engaged to report on the Group’s continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements Other than Audits or Reviews of Historical Financial Information” and with reference to Practice Note 740 (Revised) “Auditor’s Letter on Continuing Connected Transactions under the Hong Kong Listing Rules” issued by the Hong Kong Institute of Certified Public Accountants. The Auditor has issued their unqualified report containing their findings and confirmed that nothing has come to its attention that causes them to believe: (a) the continuing connected transactions have not been approved by the Board; (b) the continuing connected transactions were not, in all material respects, in accordance with the relevant agreements governing such transactions; and (c) the continuing connected transactions have exceeded the Annual Caps in accordance with Rule 14A.56 of the Listing Rules.

A copy of the auditor’s report has been provided to the Company.

The Directors confirm that, save as disclosed above, none of the related party transactions set out in Note 34 to the consolidated financial statements constituted connected transactions or continuing connected transactions under Chapter 14A of the Listing Rules that is required to be disclosed. Save as disclosed above, the Group had not entered into any connected transactions or continuing connected transactions which are required to be disclosed in this report pursuant to the Listing Rules during the Year.

REPORT OF THE DIRECTORS

AUDIT COMMITTEE

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. Tam (being the chairman of the Audit Committee appointed on 20 January 2026), Mr. Lin and Ms. Dong. Mr. Swei ceased to be the chairman of the Audit Committee on 7 May 2025, while Ms. Dong and Mr. Yao were appointed as a member and the chairman of the Audit Committee on 7 May 2025 and 30 June 2025 respectively. Mr. Yao ceased to be the chairman of the Audit Committee on 20 January 2026.

The Audit Committee is primarily responsible for reviewing and providing supervision over the financial reporting procedure and internal control of the Group. The Audit Committee has reviewed the annual results of the Group for the Year. The Audit Committee considers that appropriate accounting policies have been adopted, the applicable requirements of the Listing Rules have been complied with in preparing relevant results, and sufficient disclosures have been made.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 49 to 60 of this Annual Report. Save as disclosed in the Corporate Governance Report, the Company had complied with all applicable code provisions as in force during the Year under the “Corporate Governance Code” (the “CG Code”) contained in Appendix C1 of the Listing Rules throughout the Year, save for the following. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

Under code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate 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 between 1 January and 30 September 2025, 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 before 1 October 2025 and, where appropriate, the applicable recommended best practices of the CG Code.

Besides, as Mr. Swei Feng-jih has been appointed as the chief executive officer of the Company with effect from 1 October 2025, the Company had complied with all code provisions as set out in the CG Code since 1 October 2025 and, where appropriate, the applicable recommended best practices of the CG Code.

SIGNIFICANT LEGAL PROCEEDINGS

During the Year, the Company had not involved in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against the Company.

SUFFICIENCY OF PUBLIC FLOAT

Based on information publicly available to the Company and to the knowledge of the Directors, at least 25% of the Company's total issued share capital, the prescribed minimum percentage of public float approved by the Stock Exchange and permitted under the Listing Rules, are held by the public at all times as of the date of this Annual Report.

EVENT AFTER THE REPORTING PERIOD

Details of the event after the reporting period are set out in the "Event after the Reporting Period" under the section headed "Management Discussion and Analysis" of this Annual Report.

MAJOR CUSTOMERS AND SUPPLIERS

During the Year, the purchase from the Group's five largest suppliers accounted for approximately 41% of the total purchases and purchase from the largest supplier included therein accounted for approximately 25% of the total purchases. The revenue of the Group's five largest customers accounted for approximately 31% of the total revenue and the revenue of the largest customer included therein accounted for approximately 11% of the total revenue. For the Year and for the year ended 31 December 2024, the companies controlled by the ultimate controlling Shareholder were the third largest customer and the second largest customer respectively of the Group.

Save as the aforementioned, none of our Directors or any of their respective close associates or, any Shareholder (so far as our Directors were aware, who owned 5% or more of our issued share capital as at 31 December 2025), had any interest in any of our five largest suppliers or our five largest customers in 2025 and 2024.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Year, the Company did not redeem any of its Shares listed on the Stock Exchange nor did the Company or any of its subsidiaries purchase or sell any such shares.

INDEPENDENT AUDITOR

Forvis Mazars were appointed by the Company on 29 July 2022 to fill the casual vacancy so arising. Except for the above, there have been no other changes of auditor of the Company in the past three years.

A resolution for the re-appointment of Forvis Mazars as the Auditor will be proposed at the forthcoming annual general meeting of the Company.

APPROVAL OF THE FINANCIAL STATEMENTS

The consolidated financial statements of the Group for the Year were approved by the Board on 27 March 2026.

REPORT OF THE DIRECTORS

CLOSURE OF REGISTER OF MEMBERS AND RECORD DATE

The register of members of the Company will be closed from Wednesday, 24 June 2026, to Monday, 29 June 2026, both days inclusive, in order to determine the eligibility of the Shareholders to attend and vote at the 2026 AGM. The Shareholders whose names appear on the register of members of the Company on Monday, 29 June 2026 will be entitled to attend and vote at the 2026 AGM. In order to be eligible to attend and vote at the 2026 AGM, all transfers accompanied by the relevant share certificates and transfer forms must be lodged with the Company share registrar and transfer office in Hong Kong, Union Registrars Limited at Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong for registration not later than 4:00 p.m. on Tuesday, 23 June 2026.

On behalf of the Board

Mo Yueming
Chairman

Hong Kong, 27 March 2026

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

CORPORATE GOVERNANCE REPORT

The Company is committed to establishing good corporate governance practices and procedures. The corporate governance principles of the Company emphasis accountability and transparency to its Shareholders. Periodic review will be made to the corporate governance practices to comply with the regulatory requirements. After reviewing the effectiveness of the risk management and internal control systems during the Year, the Company considered them effective and adequate.

CORPORATE GOVERNANCE CODE

The Company had complied with all applicable code provisions as in force during the Year under the CG Code contained in Appendix C1 of the Listing Rules throughout the Year 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 separate 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 between 1 January and 30 September 2025, 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 before 1 October 2025 and, where appropriate, the applicable recommended best practices of the CG Code. Besides, as Mr. Swei Feng-jih has been appointed as the chief executive officer of the Company with effect from 1 October 2025, the Company had complied with all code provisions as set out in the CG Code since 1 October 2025 and, where appropriate, the applicable recommended best practices of the CG Code.

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 Year.

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 Year.

BOARD COMPOSITION AND BOARD PRACTICES

Board Composition

As at 31 December 2025, the Board consisted of seven Directors, including the chairman, Mr. Mo Yueming, who is the then chief executive officer and an executive Director, two additional executive Directors, one non-executive Director and three independent non-executive Directors. Not less than one-third of the Board are independent non-executive Directors. A list of the Directors and their respective biographies is set out on pages 22 to 25 of this Annual Report.

The Board composition is regularly reviewed to ensure that it has a balance of skills and experience which is appropriate to the requirement of the business of the Group. A balanced composition of executive Directors and non-executive Directors is maintained to ensure independence and effective management. The Company has satisfied the relevant provision of the Listing Rules in having at least one of the independent non-executive Directors with appropriate professional qualifications or accounting or related financial management expertise.

CORPORATE GOVERNANCE REPORT

Appointment, Re-election and Removal of Directors

The Articles of Association of the Company typically outline the specific procedures and processes related to the appointment, re-election, and removal of Directors. The appointment of the Directors is recommended by the Nomination Committee and approved by the Board based on a formal written procedure and a policy for the appointment of new Director(s). Skills, experience, expertise, devotion of time, and conflicts of interest are the key factors in selecting potential candidates for Director(s).

All the current independent non-executive Directors were appointed for a term of three years or no specific term. All Directors (including independent non-executive Directors) are subject to retirement by rotation at least once every three years in accordance with the Articles of Association.

The Company has received written confirmation annually from each independent non-executive Director, affirming their independence pursuant to the Listing Rules requirements. The Company considers all the independent non-executive Directors to be independent in accordance with the independence requirements set out in the Listing Rules.

Board Diversity

The Board has adopted a policy on board diversity which will be reviewed by the Nomination Committee as appropriate to ensure the effectiveness of this policy. With a view to achieving a sustainable and balanced development, the Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. In designing the Board's composition, Board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy, and candidates will be considered based on objective criteria, having due regard for the benefits of diversity on the Board.

The Board is collectively responsible for the formulation of the Group's strategy and overseeing the management of the business and affairs of the Group. The Board delegates the day-to-day management, administration and operations of the Group's business to the management of the relevant segments and divisions. The management is responsible for the implementation and adoption of the Company's strategies and policies. The delegated functions and tasks are periodically reviewed by the Board.

The Board comprises individuals with a well-balanced mix of knowledge and skills in various areas. These areas include real estate development and operation, property management services, commercial operations and management, urban environmental hygiene services, elderly care industry investment, and operations, tourist attraction management and operations, accounting and corporate management in the tourism industry, and capital investment management.

The Director of the Board holds degrees in majors, including business administration, economics, accounting, politics, engineering, banking and law.

As of 31 December 2025, the Board encompasses a wide range of age groups, from 37 to 70. Regarding gender diversity, the Board consists of two female directors, who accounts for 28.6% of the Board.

CORPORATE GOVERNANCE REPORT

Considering the nature and scope of the Group's business, the nomination committee of the Board is of the opinion that the current Board has sufficient independence and is well-balanced in terms of gender, age, nationality, professional experience, skills, and knowledge to support the execution of business strategy and maintain the Board's effectiveness.

Induction and Continuing Development for Directors

Every newly appointed Director is provided with an induction on the first occasion of his/her appointment to ensure that he/she has an adequate understanding of the businesses and operations of the Group. The Directors are also kept informed on a timely basis of their responsibilities and obligations under the Listing Rules, as well as other relevant statutory or regulatory requirements. The Company also encourages its Directors to participate in continuous professional development programmes.

The Directors must also keep abreast of their collective responsibilities. Each newly appointed Director receives an induction package covering the Group's businesses and the statutory and regulatory obligations of a director of a listed company.

Pursuant to the code provision C.1.4 of the CG Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills. According to records provided by the Directors, a summary of seminars and reading materials received by the Directors for the Year is as follows:

Name of Director	Attended seminars	Read materials
Mr. Mo Yueming	✓	✓
Ms. Hao Ying	✓	✓
Mr. Xue Fei	✓	✓
Mr. He Qi	✓	✓
Mr. Lin Hua Rong, Harry	✓	✓
Ms. Juliett Jing Dong (<i>appointed on 7 May 2025</i>)	✓	✓
Mr. Yao Gang (<i>appointed on 30 June 2025 and resigned on 21 January 2026</i>)	✓	✓
Mr. Swei Feng-jih (<i>resigned on 1 October 2025</i>)	✓	✓

During the Year, each Director confirmed participation in training sessions organised by Hong Kong Institute of Certified Public Accountants (the "HKICPA") on (i) Managing Risks and Governance in Generative AI for Accountants, (ii) Board Director Demographics, Attributes, and the Psychology of the Board, (iii) Workplace Misconduct and Internal Investigation, and (iv) Limited Partnership Funds – a view from the legal perspective. In addition, each Director confirmed reviewing relevant materials and updated information provided by the Company on the latest developments of the Listing Rules and other applicable regulations. All Directors have complied with code provision C.1.4 of the Corporate Governance Code.

The Company encourages the senior management to improve their professional knowledge by attending external seminars and participating in the internal training provided by the Company.

CORPORATE GOVERNANCE REPORT

Rules and Guidelines for Conducting Meetings

Notices of at least fourteen days are given to the Directors for regular meetings, while relevant documents are sent to the Directors not less than three days before the intended date of a board or board committee meeting. With respect to other meetings, the Directors are given as much notices as reasonable and practicable in the circumstances. The Directors can attend meetings in person or through other means of electronic communication in accordance with the Articles of Association.

All Directors have been fully consulted about any matters proposed for inclusion in the agenda of regular meetings. With the assistance of the executive Directors, the chairman seeks to ensure that all Directors are properly briefed on issues arising at board meetings and have received adequate and reliable information in a timely manner.

The Articles of Association contain provisions requiring directors to abstain from voting or not be counted in the quorum at meetings for approving transactions in which such directors or associates have a material interest. This also applies to situations involving the significance of a contract, arrangement, transaction, or any director's entitlement.

The Directors have full access to information of the Group and are able to obtain independent professional advices whenever they deem necessary. Memorandums are issued to the Directors from time to time to update them with legal and regulatory changes and matters of relevance to the Directors in the discharge of their duties.

The company secretary of the Company (the "Company Secretary") ensures that the procedures are complied with all applicable rules and regulations. Minutes of board meetings and board committees meetings are kept by the Company Secretary and are available for inspection at any time on reasonable notice by any Director.

Attendance Record of Board Meetings

During the Year, the attendance of the Directors at the Board meetings and the general meeting was as follows:

Name of Director	Number of meetings attended/eligible to attend	
	Board meeting(s)	general meeting(s)
Mr. Mo Yueming	16/16	1/1
Ms. Hao Ying	16/16	1/1
Mr. Xue Fei	16/16	1/1
Mr. He Qi	16/16	1/1
Mr. Lin Hua Rong, Harry	16/16	1/1
Ms. Juliett Jing Dong (<i>appointed on 7 May 2025</i>)	12/12	1/1
Mr. Yao Gang (<i>appointed on 30 June 2025 and resigned on 21 January 2026</i>)	9/9	0/0
Mr. Swei Feng-jih (<i>resigned as a non-executive Director and re-designated to Chief Executive Officer on 1 October 2025</i>)	12/12	1/1

CORPORATE GOVERNANCE REPORT

According to Code provision C.5.1 of the Corporate Governance Code, the Company should hold a minimum of four regular Board meetings annually, approximately at quarterly intervals, with active participation from the majority of directors, whether in person or through electronic means of communication. The Board convened sixteen (16) meetings during the Year. These meetings covered but were not limited to various important matters, such as (i) reviewing and approving the audited annual results for the Year and ESG-related matters; (ii) reviewing the unaudited interim results for the six months ended 30 June 2025; (iii) considering the announcement of profit warnings; (iv) assessing proposals in respect of distribution payments or redemption of the unlisted perpetual convertible securities; (v) change of Chief Executive Officer; (vi) resignation of the Vice Chairman and non-executive Directors; (vii) change of independent non-executive Directors; (viii) change of Company Secretary; (ix) adoption of a share award scheme; (x) change in the composition of board committees; (xi) off-set of outstanding receivables with connected parties; and (xii) considering the potential acquisition of a business in Hong Kong.

In addition, the chairman of the Board held a separate meeting with the independent non-executive Directors during the year ending 31 December 2025 without the presence of other Directors.

The Company held an annual general meeting on 27 June 2025 during the Year. All proposed Shareholders' resolutions put to the above annual general meeting were resolved by poll vote and duly passed.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for the maintenance of a sound and effective risk management and internal control systems of the Group and has established the Group's internal control policies and procedures for monitoring the internal control systems. Such systems are designated to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

Recognising that a well-designed and effective system of internal control is crucial to safeguard the assets of the Company and the Shareholders' investment and to ensure the reliability of financial reporting as well as compliance with the relevant requirement of the Listing Rules, a team, comprising qualified accountants and management of the Company, has been organised to carry out the internal audit function of the Company (the "IA Team").

Based on the assessment of risk exposure, the IA Team formulates audit plans periodically and ensures the audit programs cover key internal control areas of key operating subsidiaries for the review by the Audit Committee at regular intervals. The scopes and timing of audit reviews are usually determined according to risk assessment.

Special reviews may also be performed on areas of concern identified by management or the Audit Committee from time to time. Communication channel has been established between the IA Team and the members of the Audit Committee.

The Audit Committee reviews the findings and recommendations of the IA Team in their meetings held at least twice a year and reports to the Board on such review. In respect of the Year, the Board, through the Audit Committee, reviewed the overall effectiveness of the Group's risk management and internal control systems, covering financial, operational and compliance controls and risk management functions, which included the adequacy of resources, qualifications and experience of staff of the accounting and financial reporting function, and their training programmes and budget.

CORPORATE GOVERNANCE REPORT

The Group has formulated an inside information policy and regularly reminds its Directors and employees to comply with all inside information policies. The Group acknowledges its responsibilities under the SFO and the Listing Rules and the overriding principle that inside information should be announced immediately when it is the subject of a decision. The Group will ensure that inside information will be disclosed to the public through public announcements and its website as soon as reasonably practicable pursuant to the “Guidelines on Disclosure of Inside Information” published by the Securities and Futures Commission of Hong Kong in June 2012. Besides, all inside information will be kept strictly confidential before disclosing to the public and only the relevant persons will have access to such information.

The Board believes that there are no material internal controls deficiencies that may affect the Shareholders and an effective and adequate risk management and internal control system are in place to safeguard the assets of the Group. The Group will continue to enhance the system to cope with the changes in the business environment.

RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the consolidated financial statements of the Group and ensure that the preparation of the consolidated financial statements of the Group is in accordance with statutory requirements and applicable accounting standards.

The statement of the Auditor’s reporting responsibilities on the consolidated financial statements of the Group is set out in the Independent Auditor’s Report on pages 61 to 67 of this Annual Report.

AUDITOR’S REMUNERATION

The Group’s consolidated financial statements for the Year was audited by Forvis Mazars, of which the term of office as the Auditor will expire at the forthcoming annual general meeting, and for which it’s eligible to offer themselves for re-appointment.

For the Year, the remuneration paid or payable to Forvis Mazars in respect of statutory annual audit services (i.e. statutory annual audit services) and non-audit services (i.e. non-audit services for the Group’s continuing connected transaction reporting, reviewing preliminary announcement of annual results attendance at annual general meeting and engagement on agreed-upon procedures – due diligence) is of approximately HK\$1.6 million and HK\$0.08 million respectively.

COMPANY SECRETARY

Ms. Lee On Wing (“Ms. Lee”) resigned as Company Secretary with effect from 7 May 2025 and was replaced by Ms. Lam Ling Fong (“Ms. Lam”), who was appointed Company Secretary on the same date. During the Year, both Ms. Lee and Ms. Lam fully complied with the professional training requirements under Rule 3.29 of the Listing Rules.

Following Ms. Lam’s resignation, Mr. Lei Kin Keong was appointed Company Secretary with effect from 21 January 2026.

CONTINUOUS PROFESSIONAL DEVELOPMENT FOR DIRECTORS AND SENIOR MANAGEMENT

All Directors are aware of their responsibilities to the Shareholders and have exercised their duties with care, skill, and diligence in pursuit of the group’s development.

The Directors must keep abreast of their collective responsibilities. Each newly appointed Director receives an induction package covering the Group’s businesses and the statutory and regulatory obligations of a director of a listed company.

CORPORATE GOVERNANCE REPORT

Apart from updates on regulatory changes and governance developments provided by the Company, the Directors are encouraged to participate in professional trainings and seminars to develop and refresh their knowledge and skill. During the Year, training had been provided by external professional parties. Further, the Company has continuously provided reading materials and other updated information regarding latest development of the Listing Rules and other applicable regulations to the Directors for their reference and study.

The Company encourages the senior management to improve their professional knowledge by attending the external seminars and participating in the internal trainings provided by the Company.

AUDIT COMMITTEE

At the end of the Year, the Audit Committee comprised all independent non-executive Directors, namely Mr. Yao Gang (chairman of Audit Committee), Ms. Juliett Jing Dong and Mr. Lin Hua Rong, Harry. Mr. Swei Feng-jih was redesignated as a non-executive Director and ceased to be the Chairman of the Audit Committee on 7 May 2025, and subsequently resigned as a non-executive Director of the Company with effect from 1 October 2025.

With effect from 21 January 2026, Mr. Yao Gang has resigned as an Independent Non-executive Director of the Company and ceased to be the chairman of the Audit Committee. With effect from the same date, Mr. Tam Kam Shing, Chris has been appointed as the Chairman of the Audit Committee.

The principal duties of the Audit Committee, in accordance with its terms of reference, are substantially the same as those under the CG Code, including review of the Group's financial reporting system and internal control procedures, review of financial information of the Group, review of interim and annual results of the Group, (unless expressly addressed by a separate risk committee or the Board itself) review of the risk management and internal control systems, the effectiveness of the Company's internal audit function, and other duties under the CG Code, and review of the relationship with the Auditor.

The Audit Committee was also delegated by the Board to be responsible for performing the corporate governance duties under the CG Code, which includes developing and reviewing the Company's policies and practices on corporate governance and making recommendations to the Board, reviewing and monitoring the training and continuous professional development of the Directors and senior management, reviewing and monitoring the Company's policies and practices being in compliance with the legal and regulatory requirements, and reviewing the Company's compliance with the CG Code.

The Audit Committee held two meetings in the Year in which representatives of the management were present to review the interim and annual results, the interim report and annual report, the continuing connected transactions, and other financial, internal and risk management control and corporate governance matters. The Board has not taken a different view from that of the Audit Committee regarding the selections, appointment, resignation or dismissal of the auditor of the Company. Auditor of the Company was present in one of the meetings.

Name of member of Audit Committee	Number of meetings attended/eligible to attend
Mr. Yao Gang (<i>Chairman</i>) (<i>Appointed on 30 June 2025</i>)	1/1
Mr. Lin Hua Rong, Harry	2/2
Ms. Juliett Jing Dong (<i>Appointed on 7 May 2025</i>)	1/1
Mr. Swei Feng-jih (<i>Resigned as chairman on 7 May 2025</i>)	1/1

CORPORATE GOVERNANCE REPORT

REMUNERATION COMMITTEE

The Remuneration Committee performs the remuneration function under the CG Code.

At the end of the Year, the Remuneration Committee comprises one executive Director, Mr. Mo, and two independent non-executive Directors, namely Mr. Lin Hua Rong, Harry (chairman of the Remuneration Committee) and Ms. Juliett Jing Dong.

On 7 May 2025, Mr. Swei ceased as a member of the Remuneration Committee. Concurrently, Ms. Dong was appointed a member of the Remuneration Committee on 7 May 2025.

The principal duties of the Remuneration Committee, in accordance with its terms of reference, are substantially the same as those under the CG Code, which include determining the policy for the remuneration of executive Directors, assessing performance of executive Directors, approving the terms of executive Directors' service contracts, making recommendations to the Board on the remuneration packages of individual executive Directors and senior management, and reviewing and/or approving matters relating to share schemes (if any) under Chapter 17 of the Listing Rules.

The Remuneration Committee held four meetings in the Year and the attendance record is set out below:

Name of member of Remuneration Committee	Number of meetings attended/ eligible to attend
Mr. Lin Hua Rong, Harry (<i>Chairman</i>)	4/4
Mr. Swei Feng-jih (<i>ceased on 7 May 2025</i>)	2/2
Mr. Mo Yueming	4/4
Ms. Juliett Jing Dong (<i>appointed on 7 May 2025</i>)	2/2

The work performed by the Remuneration Committee during the Year included the following:

- (i) to review the policies for the remuneration of executive Directors and senior management, including basic salaries, discretionary performance bonus and other emoluments, having regard to skills, knowledge, level of involvement in the Company's affairs and individual performance of each executive Director and senior management with reference to the Company's performance and profitability, as well as industry practice;
- (ii) to review and recommend the remuneration package of the Directors and the senior management of the Company; and
- (iii) to approve the terms of the service contracts of the independent non-executive Directors.

NOMINATION COMMITTEE

At the end of the Year, Nomination Committee comprises of one executive Director, Mr. Mo Yueming (chairman of the Nomination Committee), and two independent non-executive Directors, namely Ms. Juliatt Jing Dong and Mr. Tam Kam Shing, Chris.

Mr. Swei Feng-jih and Mr. He Qi ceased to be the members of the Nomination Committee on 7 May 2025. On the same date, Ms. Juliatt Jing Dong was appointed as a member of the Nomination Committee of the Board, and Mr. Yao Gang was appointed as a member of the Nomination Committee of the Board on 30 June 2025.

With effect from 21 January 2026, Mr. Yao Gang has resigned as an Independent Non-executive Director of the Company and ceased to be a member of the Nomination Committee. With effect from the same date, Mr. Tam Kam Shing, Chris has been appointed as a member of the Nomination Committee.

The principal duties of the Nomination Committee, in accordance with its terms of reference, are substantially the same as those under the CG Code, which include reviewing the structure and composition of the Board, identification of suitably qualified Board candidates, and determining the policy for the nomination of the Directors.

The Nomination Committee held four meetings in the Year and the attendance record is set out below:

Name of member of Nomination Committee	Number of meetings attended/ eligible to attend
Mr. Mo Yueming (<i>Chairman</i>)	4/4
Mr. He Qi (<i>Ceased on 7 May 2025</i>)	2/2
Mr. Swei Feng-jih (<i>Resigned on 30 June 2025</i>)	2/2
Ms. Juliatt Jing Dong (<i>appointed on 7 May 2025</i>)	2/2
Mr. Yao Gang (<i>appointed on 30 June 2025 and resigned on 21 January 2026</i>)	2/2

The work performed by the Nomination Committee during the year included the following:

- (i) to review the structure, size, composition and diversity of the Board (including without limitation, professional experience, skills, knowledge and length of services), and to make recommendations to the Board on the appointment and re-election of Directors so as to ensure a balanced mix of expertise, skills and experience appropriate for the business requirements of the Company;
- (ii) to assess the independence of independent non-executive Directors and made recommendations to the Board on the reappointment of the Directors;
- (iii) to review the nomination policy; and
- (iv) to consider the appointment of Directors at two Nomination Committee meetings, applying the nomination policy as a guideline, discussing the proposed appointments in detail and assessing the independence and other relevant attributes of each proposed Director.

CORPORATE GOVERNANCE REPORT

SHAREHOLDERS' RIGHTS

Communications with Shareholders

The Board recognises that maintaining clear, timely and effective communication with Shareholders and prospective investors can enhance the effective communication between the Company and Shareholders. Corporate information is communicated to the Shareholders mainly through the Company's corporate communications (such as interim and annual reports, announcements and circulars), annual general meeting ("AGM") and other general meetings, as well as disclosure on the website of the Company.

Interim reports, annual reports and circulars are sent to the Shareholders in a timely manner and are available on the website of the Company. The Company's website provides Shareholders with the corporate information of the Group.

AGM allows the Directors to meet and communicate with Shareholders. The Company ensures that Shareholders' views are communicated to the Board. The chairman of the AGM proposes separate resolutions for each issue to be considered. Members of the Audit Committee, the Remuneration Committee and the Nomination Committee and the external auditor also attend the AGMs to answer questions from Shareholders. AGM proceedings are reviewed from time to time to ensure that the Company follows good corporate governance practices. Pursuant to Article 73 of the Articles of Association, notices of AGMs are distributed to all Shareholders at least 21 days prior to the respective AGMs. The accompanying circular sets out the details of each proposed resolution and other relevant information as required under the Listing Rules. Voting results are posted on the Company's website on the day of the AGM.

The Board has reviewed the implementation and effectiveness of shareholders communication policy and procedures, such as measures taken at general meetings and inquiries received, and considers the shareholders communication policy's implementation effective during the Year.

Procedures by which enquiries may be put to the Board

Shareholders are provided with contact details of the Company to enable them to make enquiries with respect to the Company's affairs. Shareholders can also send their enquiries to the Company through these channels or contact Union Registrars Limited, the Company's share registrar and transfer office in Hong Kong, in case of enquiries about their respective shareholdings in the Company.

Shareholders may at any time send their enquiries and concerns to the Board in writing to the Company's registered office in Hong Kong at Office B, 16/F., Tesbury Centre, 28 Queen's Road East, Hong Kong. Shareholders may also send such enquiries and concerns to ir@gangyu.com.hk, an email specifically set up by the Company for investor communications.

Procedures for Shareholders to convene an extraordinary general meeting and put forward proposals at Shareholders' meeting

The Articles of Association set out the procedures for the Shareholders to convene general meetings, move a resolution at general meetings and propose a person for election as a Director, which are available at the Company's corporate website www.gycsfw.com.cn.

Pursuant to Article 72 of the Articles of Association, an extraordinary general meeting of the Company ("EGM(s)") shall be convened on the written requisition of any one or more Shareholder, who is a recognised clearing house (or its nominee), or any two or more Shareholders holding, at the date of deposit of the written requisition at the principal office of the Company in Hong Kong, not less than one-tenth of the paid-up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board or the Company Secretary for the purpose of requiring an EGM to be called by the Board for the transaction of any business specified in such requisition. Such a meeting shall be held within 3 months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed with convening such meeting, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them may convene such meeting, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

ANTI-CORRUPTION

The Group is committed to conducting business honestly, ethically and with integrity. In general, the Group adhere to a strict code of conduct that includes provisions for bribery, extortion, fraud and money laundering. All forms of bribery, corruption and extortion are strictly prohibited in the Group. Employees are also prohibited from advising or dealing in any transactions that may give rise to potential conflicts of interest. The Group's senior management regularly monitor changes in regulations and best practices to ensure the continued effectiveness of the code of conduct.

Intending to enhance anti-corruption awareness within the organisation, the Group has adopted various measures to further incorporate anti-corruption principles into its corporate culture, including arranging anti-corruption training to its directors and management-level employees to share knowledge on proper conduct, anti-corruption best practices and prevention of unethical behaviour.

WHISTLE-BLOWING POLICY

The Group has implemented a robust whistle-blowing policy as part of its commitment to upholding business ethics and integrity, with a specific focus on preventing suspected corruption, extortion, and money laundering. To ensure effective reporting of such incidents, the Group provides dedicated reporting channels, including email at accchairman@gangyu.com.hk, for employees or stakeholders of the Group to report any suspected cases of corruption confidentially. Employees are strongly encouraged to utilise these channels and promptly report any relevant concerns.

Upon receiving a report, the chairman of the Audit Committee assumes responsibility for handling the complaint and conducting a thorough investigation. The chairman of the Audit Committee ensures that the entire process is carried out with the utmost confidentiality to protect the identity of the reporting individual(s). If deemed necessary, the case may be escalated to all Board members for further examination and decision-making, ensuring appropriate actions are taken to address the reported concerns.

CORPORATE GOVERNANCE REPORT

Furthermore, the chairman of the Audit Committee is responsible for periodically providing reports on the complaints received and the status of the follow-up actions to be taken. This ensures transparency and accountability throughout the process, demonstrating the Group's commitment to addressing potential wrongdoing and maintaining a culture of ethical conduct. The implementation and effectiveness of the whistle-blowing policy will be monitored and reviewed regularly by the Audit Committee.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Environmental, Social and Governance Report of the Group is issued simultaneously with this Annual Report, which is available only on the websites of the Stock Exchange and the Company.

INDEPENDENT AUDITOR'S REPORT



FORVIS MAZARS CPA LIMITED

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Fax: (852) 2810 0032
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Opinion

We have audited the consolidated financial statements of Gangyu Smart Urban Services Holding Limited (the “Company”) and its subsidiaries (together the “Group”) set out on pages 68 to 149, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2025, and of its financial performance and cash flows for the year then ended in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and have been properly prepared in compliance with the disclosure requirements of the Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKASs”) issued by the HKICPA. Our responsibilities under those standards are further described in the “*Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements*” section of our report. We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (the “Code”), as applicable to audits of financial statements of public interest entities, and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT

Key Audit Matters (*continued*)

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties	
<i>Refer to principal accounting policies in note 2 and the disclosure of investment properties in note 14 to the consolidated financial statements.</i>	
<p>The Group's investment properties measured at fair value amounted to approximately HK\$67,012,000 as at 31 December 2025. The fair values were determined with reference to the valuation carried out by an independent professional valuer engaged by the management.</p>	<p>Our key procedures, among others, included:</p>
<p>We have identified this matter to be a key audit matter because the amount is significant and the valuation of investment properties involved significant judgements and estimates including the determination of valuation techniques and the selection of input data used in the valuation models.</p>	<ul style="list-style-type: none">- Obtaining and reviewing the valuation reports prepared by the independent professional valuers engaged by the management;- Evaluating the competence, capabilities and objectivity of the independent professional valuer;- Discussing with the independent professional valuer to understand the valuation methodologies and key estimate and assumptions adopted;- Assessing the reasonableness of the significant assumptions adopted in the valuation;- Checking the accuracy and relevance of the key inputs used in the valuation; and- Challenging the judgement and estimates made by management and the valuer regarding the factors considered during the assessment.

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Loss allowance for expected credit losses (“ECL”) on amount due from an associate	
<i>Refer to principal accounting policies in note 2 and the disclosure of amount due from an associate in note 18 to the consolidated financial statements.</i>	
<p>As at 31 December 2025, the Group recorded the amount due from an associate of approximately HK\$58,904,000.</p>	<p>Our key procedures, among others, included:</p>
<p>We considered this matter to be a key audit matter because of the assessment of loss allowances for amounts due from the associate requires significant judgement and estimates by the management.</p>	<ul style="list-style-type: none"> - Obtaining an understanding of and evaluating the Group’s credit policies; - Assessing management’s judgement over the ECL and creditworthiness of the associate by assessing the available information, such as financial information, past collection history, concentration risk, the Group’s actual loss experience, subsequent settlement and ageing analysis of the associate, adjusted for forward-looking factors specific to the associate and the economic environment; and - Challenging the critical judgements made by management regarding the factors considered during the ECL assessment.

INDEPENDENT AUDITOR'S REPORT

Key Audit Matters (*continued*)

Key audit matter	How our audit addressed the key audit matter
ECL on trade receivables and contract assets	
<i>Refer to principal accounting policies in note 2 and the disclosure of trade receivables and contract assets in note 21 and note 35 to the consolidated financial statements.</i>	
<p>As at 31 December 2025, the Group recorded the gross amount of trade receivables and contract assets of approximately HK\$191,131,000 and HK\$27,950,000 respectively. Loss allowance amounting to approximately HK\$16,797,000 and HK\$15,000 has been provided on the relevant trade receivables and contract assets respectively.</p> <p>The ECL on trade receivables and contract assets is assessed with reference to valuations carried out by an independent professional valuer engaged by the management.</p> <p>We considered this matter to be a key audit matter because of the assessment of loss allowances for trade receivables and contract assets requires the management's use of judgement and estimates.</p>	<p>Our key procedures, among others, included:</p> <ul style="list-style-type: none">- Obtaining an understanding of and evaluating the Group's credit policies;- Assessing, on a sample basis, management's judgement over the ECL and creditworthiness of the customers by assessing the available information, such as background information of the customers, past collection history of customers, concentration risk, the Group's actual loss experience, subsequent settlement and ageing analysis of the trade receivables, adjusted for forward-looking factors specific to the debtors and the economic environment;- Evaluating the competence, capabilities and objectivity of the independent professional valuer;- Discussing with the independent professional valuer to understand the valuation methodologies and key estimates and assumptions adopted;- Assessing the reasonableness of the significant assumptions adopted in the valuation;- Checking the accuracy and relevance of the key inputs, on a sample basis, used in the valuation;- Challenging the judgement and estimates made by the management and the independent professional valuer regarding the factors considered during the assessment; and- Obtaining the valuation reports to assess the reasonableness of any significant unobservable input and the accuracy of the source data adopted by the independent professional valuer.

Other Information

The directors of the Company are responsible for the other information. The other information comprises the information included in the 2025 annual report of the Company but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS Accounting Standards issued by the HKICPA and the disclosure requirements of the Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements *(continued)*

As part of an audit in accordance with HKSAAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law and regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Forvis Mazars CPA Limited
Certified Public Accountants
Hong Kong, 27 March 2026

The engagement director on the audit resulting in this independent auditor's report is:

Fung Shiu Hang

Practising Certificate number: P04793

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
Revenue	3	339,103	345,912
Cost of sales and services		(244,388)	(248,656)
Gross profit		94,715	97,256
Other income	5	3,898	12,825
Selling, general and administrative expenses		(52,111)	(48,392)
Share of results of an associate	18	(1,206)	(1,567)
Fair value changes on investment properties	14	(19,472)	(4,891)
Finance costs	6	(1,910)	(2,185)
Profit before taxation	7	23,914	53,046
Income tax	8	(2,383)	(4,168)
Profit for the year		21,531	48,878
Attributable to:			
Equity holders of the Company		22,774	49,114
Non-controlling interests	17	(1,243)	(236)
Profit for the year		21,531	48,878
Basic and diluted earnings per share	11	HK7.19 cents	HK11.66 cents

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
Profit for the year		21,531	48,878
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		14,546	(15,909)
– exchange difference on translation of share of other comprehensive income of an associate	18	1,082	(802)
		15,628	(16,711)
Total comprehensive income for the year		37,159	32,167
Attributable to:			
Equity holders of the Company		37,572	33,003
Non-controlling interests	17	(413)	(836)
Total comprehensive income for the year		37,159	32,167

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
Non-current assets			
Goodwill	12	–	–
Property, plant and equipment	13	94,226	114,348
Investment properties	14	67,012	75,984
Right-of-use assets	15	25,694	25,585
Intangible assets	16	65	78
Investment in an associate	18	22,562	22,686
Deferred tax assets	27	6,978	4,933
		216,537	243,614
Current assets			
Inventories	19	15,910	15,059
Financial assets at fair value through profit or loss (“FVTPL”)	20	5,563	–
Trade receivables	21	174,334	158,467
Contract assets	21	27,935	16,854
Amount due from an associate	18	58,904	56,185
Prepayments, deposits and other receivables	22	30,310	54,114
Cash and cash equivalents	23	120,041	86,350
		432,997	387,029
Current liabilities			
Trade payables	24	28,885	32,570
Contract liabilities	24	27,774	29,683
Other payables	24	54,655	62,964
Tax payable		25,598	15,171
Lease liabilities	25	9,511	9,047
		146,423	149,435
Net current assets		286,574	237,594
Total assets less current liabilities		503,111	481,208
Non-current liabilities			
Lease liabilities	25	29,539	37,313
Deferred tax liabilities	27	7,838	10,344
		37,377	47,657
NET ASSETS		465,734	433,551

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
Capital and reserves			
Share capital	28	64,610	64,610
Perpetual convertible securities	29	55,668	55,668
Reserves	30	245,062	207,262
Equity attributable to equity holders of the Company		365,340	327,540
Perpetual bonds	31	80,000	80,000
Non-controlling interests	17	20,394	26,011
TOTAL EQUITY		465,734	433,551

The consolidated financial statements on pages 68 to 149 were approved and authorised for issue by the Board of Directors on 27 March 2026 and signed on its behalf by:

Mo Yueming
Chairman

Xue Fei
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	Attributable to equity holders of the Company									
	Reserves									
	Share capital HK\$'000 (Note 28)	Share premium HK\$'000 (Note 30)	Perpetual convertible securities HK\$'000 (Note 29)	Exchange reserve HK\$'000 (Note 30)	Other reverse HK\$'000 (Note 30)	Accumulated losses HK\$'000 (Note 30)	Total HK\$'000	Perpetual bonds HK\$'000 (Note 31)	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 January 2024	64,610	636,071	296,274	(40,150)	(2,760)	(359,230)	594,815	-	27,321	622,136
Profit for the year	-	-	-	-	-	49,114	49,114	-	(236)	48,878
Other comprehensive loss										
<i>Items that are reclassified or may be reclassified subsequently to profit or loss</i>										
Exchange differences on translation of foreign operations	-	-	-	(15,309)	-	-	(15,309)	-	(600)	(15,909)
Exchange difference on translation of share of other comprehensive income of an associate	-	-	-	(802)	-	-	(802)	-	-	(802)
Total comprehensive income (loss) for the year	-	-	-	(16,111)	-	-	(16,111)	-	(600)	(16,711)
Transactions with owners:										
<i>Contribution and distribution</i>										
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	(474)	(474)
Distribution to holders of perpetual convertible securities	-	-	-	-	-	(35,782)	(35,782)	-	-	(35,782)
Equity-settled share-based transactions	-	73	-	-	-	-	73	-	-	73
Issuance of perpetual bonds (Note 31)	-	-	-	-	-	-	-	80,000	-	80,000
Redemption of Perpetual convertible securities	-	-	(240,606)	-	-	(23,963)	(264,569)	-	-	(264,569)
	-	73	(240,606)	-	-	(59,745)	(300,278)	80,000	(474)	(220,752)
At 31 December 2024	64,610	636,144	55,668	(56,261)	(2,760)	(369,861)	327,540	80,000	26,011	433,551

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	Attributable to equity holders of the Company									
	Reserves									
	Share capital HK\$'000 (Note 28)	Share premium HK\$'000 (Note 30)	Perpetual convertible securities HK\$'000 (Note 29)	Exchange reserve HK\$'000 (Note 30)	Other reverse HK\$'000 (Note 30)	Accumulated losses HK\$'000 (Note 30)	Total HK\$'000 (Note 31)	Perpetual bonds HK\$'000 (Note 31)	Non-controlling interests HK\$'000	Total equity 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 (loss) for the year	-	-	-	-	-	22,774	22,774	-	(1,243)	21,531
Other comprehensive income										
<i>Items that are reclassified or may be reclassified subsequently to profit or loss</i>										
Exchange differences on translation of foreign operations	-	-	-	13,716	-	-	13,716	-	830	14,546
Exchange difference on translation of share of other comprehensive income of an associate	-	-	-	1,082	-	-	1,082	-	-	1,082
	-	-	-	14,798	-	-	14,798	-	830	15,628
Total comprehensive income (loss) for the year	-	-	-	14,798	-	22,774	37,572	-	(413)	37,159
Transactions with owners:										
<i>Contribution and distribution</i>										
Distribution to holders of perpetual convertible securities	-	-	-	-	-	(2,100)	(2,100)	-	-	(2,100)
Change in ownership interests										
Change in ownership interests in subsidiaries that do not result in a loss of control (note 34)	-	-	-	-	2,328	-	2,328	-	(5,204)	(2,876)
At 31 December 2025	64,610	636,144	55,668	(41,463)	(432)	(349,187)	365,340	80,000	20,394	465,734

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
OPERATING ACTIVITIES			
Profit before taxation		23,914	53,046
Adjustments for:			
Fair value change on investment properties	14	19,472	4,891
Compensation income		-	(2,742)
Depreciation and amortisation			
– property, plant and equipment	13	16,949	21,242
– right-of-use assets	15	1,818	1,595
– intangible assets	16	16	16
Provision for (Reversal of) loss allowance			
– trade receivables	7	4,690	1,814
– contract assets	7	9	(1,049)
Interest income	5	(1,493)	(6,751)
Finance costs	6	1,910	2,185
Share of results of an associate	18	1,206	1,567
Provision for bad debt of other receivables		-	136
Gain on disposal of property, plant and equipment	7	(1,575)	-
Write-off of property, plant and equipment		-	25
Equity-settled share-based payment expenses		-	73
Operating cash flows before changes in working capital		66,916	76,048
Changes in working capital:			
Inventories		(119)	(238)
Trade receivables		(19,732)	(74,354)
Contract assets		4,644	25,131
Prepayments, deposits and other receivables		11,121	11,093
Time deposits with original maturity over three months		-	70,784
Trade payables		(5,137)	3,560
Contract liabilities		(3,267)	3,823
Other payables		(11,086)	(505)
Net cash generated from operations		43,340	115,342
Income tax paid		(2,316)	(1,740)
Interest received		1,493	6,751
Net cash generated from operating activities		42,517	120,353

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	13	(486)	(2,082)
Purchase of financial assets at FVTPL	20	(5,563)	–
Sales proceed of property, plant and equipment		9,180	–
Repayment from an associate		–	5,632
Net cash generated from investing activities		3,131	3,550
FINANCING ACTIVITIES			
Acquisition of non-controlling interest of a subsidiary	34	(2,876)	–
Dividend paid to a non-controlling shareholder		–	(474)
Distributions paid to holders of perpetual convertible securities	29	(2,100)	(35,782)
Repayment of lease liabilities	32	(10,323)	(11,762)
Redemption of perpetual convertible securities		–	(184,267)
Interest paid	32	(1,910)	(2,161)
Net cash used in financing activities		(17,209)	(234,446)
Net increase (decrease) in cash and cash equivalents		28,439	(110,543)
Cash and cash equivalents at the beginning of the reporting period		86,350	201,373
Effect of foreign exchange rate changes		5,252	(4,480)
Cash and cash equivalents at the end of the reporting period	23	120,041	86,350

Major non-cash transactions

- (a) The Company entered into rental agreements in respect of its leased properties under operating leases. During the year, the Company had non-cash additions to right-of-use assets and lease liabilities of HK\$1,074,000, in respect of lease arrangements for leased properties.
- (b) On 30 April 2025, the Company has agreed to offset part of the outstanding trade receivables, amounting to approximately RMB6,480,000 (HK\$7,039,000) by way of accepting the transfer of four properties from a related company to the Group. During the year, all the properties have been rented out for rental income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

1. GENERAL

Gangyu Smart Urban Services Holding Limited (the “Company”) is an exempted limited company incorporated in the Cayman Islands and its 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 are disclosed in the “Corporation Information” section of the annual report.

The principal activity of the Company is investment holding. Details of the principal subsidiaries of the Company and their principal activities are disclosed in note 18 to the consolidated financial statements. In the opinion of the directors of the Company, the immediate and ultimate holding company of the Company is Gangyu Technology Group Holdings Limited (“GTGHL”) (formerly known as Orient Victory Real Estate Group Holdings Limited), which is incorporated in the British Virgin Islands (the “BVI”) and is wholly owned by Mr. Shi Baodong (“Mr. Shi”), the controlling shareholder of the Company.

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

2. PRINCIPAL ACCOUNTING POLICIES

Basis of preparation

These consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards, which collective term includes all applicable HKFRS Accounting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), accounting principles generally accepted in Hong Kong and the Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure requirements under the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) and the Companies Ordinance.

The consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2024 consolidated financial statements except for the adoption of the following new/revised HKFRS Accounting Standards that are relevant to the Group and effective from the current year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

2. PRINCIPAL ACCOUNTING POLICIES (*continued*)

Adoption of new/revised HKFRS Accounting Standards

The Group has applied, for the first time, the following revised HKFRS Accounting Standard that is relevant to the Group:

Amendments to HKAS 21 Lack of Exchangeability

Amendments to HKAS 21: Lack of exchangeability

The amendments require an entity to apply a consistent approach to assessing whether a currency is exchangeable into another currency and, when it is not, to determining the exchange rate to use and the disclosures to provide.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

A summary of the principal accounting policies adopted by the Group is set out below:

Basis of measurement

The measurement basis used in the preparation of the consolidated financial statements is historical cost, except for investment properties which are measured at fair values as explained in the accounting policies set out below.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and all of its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company using consistent accounting policies.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full. The results of subsidiaries are consolidated from the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

Non-controlling interests are presented, separately from equity holders of the Company, in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position. The non-controlling interests in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, are measured initially either at fair value or at the present ownership instrument's proportionate share in the recognised amounts of the acquiree's identifiable net assets. This choice of measurement basis is made on an acquisition-by-acquisition basis other types of non-controlling interests are initially measured at fair value, unless another measurement basis is recognised by HKFRS Accounting Standards.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

2. PRINCIPAL ACCOUNTING POLICIES (*continued*)

Basis of consolidation (*continued*)

Allocation of total comprehensive income

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the Company and to the non-controlling interests. Total comprehensive income is attributed to the equity holders of the Company and the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in ownership interest

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest determined at the date when control is lost and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests at the date when control is lost. The amounts previously recognised in other comprehensive income in relation to the disposed subsidiary are accounted for on the same basis as would be required if the parent had directly disposed of the related assets or liabilities. Any investment retained in the former subsidiary and any amounts owed by or to the former subsidiary are accounted for as a financial asset, associate, joint venture or others as appropriate from the date when control is lost.

A discontinued operation is a component of the Group, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale in accordance with HKFRS 5, if earlier. It also occurs when the operation is abandoned.

When an operation is classified as discontinued, a single amount is presented in the statement of profit or loss and other comprehensive income, which comprises:

- (i) the post-tax profit or loss of the discontinued operation; and
- (ii) the post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

2. PRINCIPAL ACCOUNTING POLICIES (*continued*)

Subsidiaries

A subsidiary is an entity that is controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control.

In the Company's statement of financial position which is presented within these notes, investments in subsidiaries are stated at cost less accumulated impairment losses. The carrying amount of the investments is reduced to its recoverable amount on an individual basis, if it is higher than the recoverable amount. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

Associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

The Group's investment in an associate is accounted for under the equity method of accounting, except when the investment or a portion thereof is classified as held for sale. Under the equity method, the investment is initially recorded at cost and adjusted thereafter for the post-acquisition changes in the Group's share of the investee's net assets and any impairment loss relating to the investment. Except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee, the Group discontinues recognising its share of further losses when the Group's share of losses of the investee equals or exceeds the carrying amount of its interest in the investee, which includes any long term interests that, in substance, form part of the Group's net investment in the investee.

Goodwill arising on acquisition of an associate is measured as the excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the acquired associate.

Such goodwill is included in interests in associates. On the other hand, any excess of the Group's share of its net fair value of identifiable assets and liabilities over the cost of investment is recognised immediately in profit or loss as an income.

Unrealised profits and losses resulting from transactions between the Group and its associate are eliminated to the extent of the Group's interest in the investees, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

2. PRINCIPAL ACCOUNTING POLICIES (*continued*)

Business combination and Goodwill

Goodwill arising on an acquisition of a business is measured at the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree (if applicable) and the fair value of any previously held equity interests in the acquiree over the acquisition date amounts of the identifiable assets acquired and the liabilities assumed of the acquired business.

Goodwill on acquisition of business is recognised as a separate asset and is carried at cost less accumulated impairment losses, which is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. For the purpose of impairment test and determination of gain or loss on disposal, goodwill is allocated to cash-generating units. An impairment loss on goodwill is not reversed.

On the other hand, any excess of the acquisition date amounts of identifiable assets acquired and the liabilities assumed of the acquired business over the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree (if applicable) and the fair value of the acquirer's previously held interest in the acquiree, if any, after reassessment, is recognised immediately in profit or loss as an income from bargain purchase.

Any resulting gain or loss arising from remeasuring the previously held equity interests in the acquiree at the acquisition-date fair value is recognised in profit or loss or other comprehensive income, as appropriate.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is provided to write off the cost less accumulated impairment losses of property, plant and equipment over their estimated useful lives from the date on which they are available for use and after taking into account their estimated residual value, using the straight-line method at the following rates per annum. Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis and depreciated separately.

Buildings	2.5% to 5%
Furniture and leasehold improvements	10% to 25%, or over the lease term, whichever is shorter
Machinery and equipment	9.5% to 30%
Motor vehicles	9.5% to 33.33%

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period in which the item is derecognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

2. PRINCIPAL ACCOUNTING POLICIES (*continued*)

Investment properties

Investment properties are land and/or building that are held by owner to earn rental income and/or for capital appreciation. These include properties held for a currently undetermined future use, properties that are being constructed or developed for future use as investment properties and properties that are held under operating lease, which satisfy the definition of investment property and are carried at fair value.

Investment properties are stated at fair value at the end of the reporting period. Any gain or loss arising from a change in fair value is recognised in profit or loss. The fair value of investment property is based on a valuation by an independent valuer who holds a recognised professional qualification and has recent experience in the location and category of property being valued. The fair value reflects, among other things, rental income from current leases and other assumptions that market participants would use when pricing investment property under current market conditions and is adjusted for separately recognised assets or liabilities to avoid double-counting assets or liabilities.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the item is derecognised.

If an item of investment property becomes owner-occupied property for the Group's own use, the Group accounts for such property in accordance with the accounting policy stated under "Investment properties" up to the date of change in use. At the date of transfer, the properties are stated at fair value with difference recognised in the profit or loss and are subsequently stated at cost less accumulated depreciation and accumulated impairment losses under property, plant and equipment.

Intangible assets

Travel licenses and others

The initial cost of acquiring travel licenses and others is capitalised. Travel licenses and others with indefinite useful lives are carried at cost less accumulated impairment losses. Travel licenses and others with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is provided on the straight-line basis over their estimated useful lives ranging from 1 to 2 years.

Computer software

The initial cost of acquiring computer software is capitalised. Computer software with indefinite useful lives are carried at cost less accumulated impairment losses. Computer software with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is provided on the straight-line basis over their estimated useful lives ranging from 3 to 8 years.

Land use rights

Land use right are up-front payments to acquire fixed term interests in lessee-occupied land that are classified as operating leases. The premiums are stated at cost less accumulated amortisation and impairment losses and are amortised over the period of the lease on a straight-line basis to profit or loss, which are accounted for as right-of-use assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

2. PRINCIPAL ACCOUNTING POLICIES (*continued*)

Financial instruments

Financial assets

Recognition and derecognition

Financial assets are recognised when and only when the Group becomes a party to the contractual provisions of the instruments and on a trade date basis.

A financial asset is derecognised when and only when (i) the Group's contractual rights to future cash flows from the financial asset expire or (ii) the Group transfers the financial asset and either (a) it transfers substantially all the risks and rewards of ownership of the financial asset, or (b) it neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but it does not retain control of the financial asset.

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises the financial asset to the extent of its continuing involvement and an associated liability for amounts it may have to pay.

Classification and measurement

Financial assets (except for trade receivables without a significant financing component) are initially recognised at their fair value plus, in the case of financial assets not carried at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial assets. Such trade receivables are initially measured at their transaction price.

On initial recognition, a financial asset is classified as (i) measured at amortised cost; (ii) debt investment measured at fair value through other comprehensive income ("Mandatory FVOCI"); (iii) Designated FVOCI; or (iv) measured at FVPL.

The classification of financial assets at initial recognition depends on the Group's business model for managing the financial assets and the financial asset's contractual cash flow characteristics. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing them, in which case all affected financial assets are reclassified on the first day of the first annual reporting period following the change in the business model.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

2. PRINCIPAL ACCOUNTING POLICIES (*continued*)

Financial instruments (*continued*)

Financial assets (continued)

Financial assets measured at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVPL:

- (a) it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- (b) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses arising from impairment, derecognition or through the amortisation process are recognised in profit or loss.

The Group's financial assets at amortised cost include trade and other receivables, contract assets, amount due from an associate and cash and cash equivalents.

Financial assets at FVPL

These investments include financial assets that are not measured at amortised cost or FVOCI, including financial assets held for trading, financial assets designated upon initial recognition as at FVPL, financial assets resulting from a contingent consideration arrangement in a business combination to which HKFRS 3 applies and financial assets that are otherwise required to be measured at FVPL. They are carried at fair value, with any resultant gain and loss recognised in profit or loss, which does not include any dividend or interest earned on the financial assets. Dividend or interest income is presented separately from fair value gain or loss.

A financial asset is classified as held for trading if it is:

- (i) acquired principally for the purpose of selling it in the near term;
- (ii) part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking on initial recognition; or
- (iii) a derivative that is not a financial guarantee contract or not a designated and effective hedging instrument.

Financial assets are designated at initial recognition as at FVPL only if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains or losses on them on different bases.

The Group's financial assets mandatorily measured at FVPL include unlisted equity securities held for trading.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

2. PRINCIPAL ACCOUNTING POLICIES (*continued*)

Financial instruments (*continued*)

Financial liabilities

Recognition and derecognition

Financial liabilities are recognised when and only when the Group becomes a party to the contractual provisions of the instruments.

A financial liability is derecognised when and only when the liability is extinguished, that is, when the obligation specified in the relevant contract is discharged, cancelled or expires.

Classification and measurement

Financial liabilities are initially recognised at their fair value plus, in the case of financial liabilities not carried at FVPL, transaction costs that are directly attributable to the issue of the financial liabilities.

The Group's financial liabilities include trade and other payables and lease liabilities. All financial liabilities are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method, unless the effect of discounting would be insignificant, in which case they are stated at cost.

Impairment of financial assets and other items

The Group recognises loss allowances for expected credit losses ("ECL") on financial assets that are measured at amortised cost and lease receivables to which the impairment requirements apply in accordance with HKFRS 9. Except for the specific treatments as detailed below, at each reporting date, the Group measures a loss allowance for a financial asset at an amount equal to the lifetime ECL if the credit risk on that financial asset has increased significantly since initial recognition. If the credit risk on a financial asset has not increased significantly since initial recognition, the Group measures the loss allowance for that financial asset at an amount equal to 12-month ECL.

Measurement of ECL

ECL is a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument.

For financial assets, a credit loss is the present value of the difference between the contractual cash flows that are due to an entity under the contract and the cash flows that the entity expects to receive.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument while 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

2. PRINCIPAL ACCOUNTING POLICIES (*continued*)

Financial instruments (*continued*)

Impairment of financial assets and other items (continued)

Measurement of ECL (continued)

Where ECL is measured on a collective basis, the financial instruments are grouped based on the following one or more shared credit risk characteristics:

- (a) past due information
- (b) nature of instrument
- (c) nature of collateral
- (d) industry of debtor
- (e) geographical location of debtors

Loss allowance is remeasured at each reporting date to reflect changes in the financial instrument's credit risk and loss since initial recognition. The resulting changes in the loss allowance are recognised as an impairment gain or loss in profit or loss with a corresponding adjustment to the carrying amount of the financial instrument.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that the Group may not receive the outstanding contractual amounts in full if the financial instrument meets any of the following criteria:

- (a) information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group); or
- (b) there is a breach of financial covenants by the counterparty.

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

2. PRINCIPAL ACCOUNTING POLICIES (*continued*)

Financial instruments (*continued*)

Impairment of financial assets and other items (continued)

Assessment of significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. In particular, the following information is taken into account in the assessment:

- the debtor's failure to make payments of principal or interest on the due dates;
- an actual or expected significant deterioration in the financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- actual or expected changes in the technological, market, economic or legal environment that have or may have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial instrument has increased significantly since initial recognition when contractual payments are more than 30 days past due.

Notwithstanding the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date.

Low credit risk

A financial instrument is determined to have low credit risk if:

- (a) it has a low risk of default;
- (b) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and
- (c) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

Simplified approach of ECL

For trade receivables without a significant financing component or otherwise for which the Group applies the practical expedient not to account for the significant financing components, the Group applies a simplified approach in calculating ECL. The Group recognises a loss allowance based on lifetime ECL at each reporting date and has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

2. PRINCIPAL ACCOUNTING POLICIES (*continued*)

Financial instruments (*continued*)

Impairment of financial assets and other items (continued)

Credit-impaired financial asset

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower.
- (b) a breach of contract, such as a default or past due event.
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider.
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.
- (e) the disappearance of an active market for that financial asset because of financial difficulties.
- (f) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

Write-off

The Group writes off a financial asset when the Group has no reasonable expectations of recovering the contractual cash flows on a financial asset in its entirety or a portion thereof. The Group has a policy of writing off the gross carrying amount based on historical experience of recoveries of similar assets. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities under the Group's procedures for recovery of amounts due, taking into account legal advice if appropriate. Any subsequent recovery is recognised in profit or loss.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents represent short-term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

2. PRINCIPAL ACCOUNTING POLICIES (*continued*)

Revenue recognition

Rental income

Rental income under operating leases is recognised when the assets are let out and on the straight-line basis over the lease term. Variable lease payments that depend on an index or a rate are initially measured using the index or rate at the commencement date and subsequently adjusted when such index or rate changes. Such payments are recognised as income on the straight-line basis over the lease term. Other variable lease payments are recognised as income in the period in which the event or condition that triggers those payments occurs. Lease income from lease of hotel room is recognised as income over the lease period.

Revenue from contracts with customers within HKFRS 15

Nature of goods or services

The nature of the goods or services provided by the Group is as follows:

- Provision of property management services
- Provision of environmental hygiene services
- Provision of sales of related tourism products

Identification of performance obligations

At contract inception, the Group assesses the goods or services promised in a contract with a customer and identifies as a performance obligation each promise to transfer to the customer either:

- (a) a good or service (or a bundle of goods or services) that is distinct; or
- (b) a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

A good or service that is promised to a customer is distinct if both of the following criteria are met:

- (a) the customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer (i.e. the good or service is capable of being distinct); and
- (b) the Group's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (i.e. the promise to transfer the good or service is distinct within the context of the contract).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

2. PRINCIPAL ACCOUNTING POLICIES (*continued*)

Revenue recognition (*continued*)

Revenue from contracts with customers within HKFRS 15 (continued)

Timing of revenue recognition

Revenue is recognised when (or as) the Group satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

The Group transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- (a) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- (b) the Group's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; or
- (c) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If a performance obligation is not satisfied over time, the Group satisfies the performance obligation at a point in time when the customer obtains control of the promised asset. In determining when the transfer of control occurs, the Group considers the concept of control and such indicators as legal title, physical possession, right to payment, significant risks and rewards of ownership of the asset, and customer acceptance.

Revenue is recognised on the following basis:

- Provision of sales of related tourism products is recognised at a point in time at which the customer obtains the control of the promised asset, which generally coincides with the time when the goods are delivered to customers and the title is passed; and
- Service income from the provision of property management services and environmental hygiene services are recognised as income over time when the relevant transactions have been arranged or the relevant services have been rendered.

For revenue recognised over time under HKFRS 15, provided the outcome of the performance obligation can be reasonably measured, the Group applies the output method (i.e. based on the direct measurements of the value to the customer of the goods or services transferred to date relative to the remaining goods or services promised under the contract) to measure the progress towards complete satisfaction of the performance obligation because the method provides a faithful depiction of the Group's performance and reliable information is available to the Group to apply the method. Otherwise, revenue is recognised only to the extent of the costs incurred until such time that it can reasonably measure the outcome of the performance obligation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Revenue recognition *(continued)*

Revenue from contracts with customers within HKFRS 15 (continued)

Variable consideration

If the consideration promised in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the promised goods or services to a customer. The variable consideration is estimated by using either the expected-value or the most-likely-amount method whichever is better to predict the entitled amount. The estimated variable consideration is then included in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised of the contract will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

Interest income

Interest income from financial assets is recognised using the effective interest method. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the assets while it is applied to the amortised cost (i.e. the gross carrying amount net of loss allowance) in case of credit-impaired financial assets.

Contract assets and contract liabilities

If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, the contract is presented as a contract asset, excluding any amounts presented as a receivable. Conversely, if a customer pays consideration, or the Group has a right to an amount of consideration that is unconditional, before the Group transfers a good or service to the customer, the contract is presented as a contract liability when the payment is made or the payment is due (whichever is earlier). A receivable is the Group's right to consideration that is unconditional or only the passage of time is required before payment of that consideration is due.

For a single contract or a single set of related contracts, either a net contract asset or a net contract liability is presented. Contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

For certain services provided by the Group, in accordance with the underlying service agreements which negotiated on a case-by-case basis with customer, the Group may receive from the customer the whole or some of the contractual payments before the services are completed or when the goods are delivered (i.e. the timing of revenue recognition for such transactions). The Group recognises a contract liability until it is recognised as revenue. During that period, any significant financing components, if applicable, will be included in the contract liability and will be expensed as accrued unless the interest expense is eligible for capitalisation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

2. PRINCIPAL ACCOUNTING POLICIES (*continued*)

Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Company's functional currency is Hong Kong dollars.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. Foreign exchange gains and losses resulting from the retranslation of non-monetary items carried at fair value are recognised in profit or loss except for those arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity, in which cases, the gains or losses are also recognised directly in equity.

The results and financial position of all the group entities that have a functional currency different from the presentation currency ("foreign operations") are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented and fair value adjustments on the carrying amounts of assets and liabilities arising on an acquisition of a foreign operation which are to be treated as assets and liabilities of that foreign operation, are translated at the closing rate at the end of the reporting period.
- Income and expenses for each statement of comprehensive income are translated at average exchange rate.
- All resulting exchange differences arising from the above translation and exchange differences arising from a monetary item that forms part of the Group's net investment in a foreign operation are recognised as a separate component of equity.
- On the disposal of a foreign operation, which includes a disposal of the Group's entire interest in a foreign operation, a disposal involving the loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in an associate that includes a foreign operation of which the retained interest is no longer equity-accounted for, the cumulative amount of the exchange differences relating to the foreign operation that is recognised in other comprehensive income and accumulated in the separate component of equity is reclassified from equity to profit or loss when the gain or loss on disposal is recognised.
- On the partial disposal of the Group's interest in a subsidiary that includes a foreign operation which does not result in the Group losing control over the subsidiary, the proportionate share of the cumulative amount of the exchange differences recognised in the separate component of equity is re-attributed to the non-controlling interests in that foreign operation and are not reclassified to profit or loss.
- On all other partial disposals, which includes partial disposal of associates that do not result in the Group losing significant influence or joint control, the proportionate share of the cumulative amount of exchange differences recognised in the separate component of equity is reclassified to profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

2. PRINCIPAL ACCOUNTING POLICIES (*continued*)

Inventories

Properties for sale under development

Properties for sale under development are stated at the lower of cost and net realisable value. Costs include acquisition costs, prepaid land lease payments, construction costs, borrowing costs capitalised and other direct costs attributable to such properties. Net realisable value is determined with reference to sale proceeds received after the reporting period less estimated costs of completion and costs to be incurred in selling the properties.

Inventories are stated at the lower of cost and net realisable value. Cost, which comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition, is calculated using the first-in-first-out method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period of the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Impairment of non-financial assets, other than goodwill

At the end of each reporting period, the Group reviews internal and external sources of information to assess whether there is any indication that its property, plant and equipment, intangible assets, land use rights, right-of-use assets, investment in an associate and subsidiaries may be impaired or impairment loss previously recognised no longer exists or may be reduced. If any such indication exists, the recoverable amount of the asset is estimated, based on the higher of its fair value less costs of disposal and value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the smallest group of assets that generates cash flows independently (i.e. a cash-generating unit).

If the recoverable amount of an asset or a cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Impairment losses are recognised as an expense in profit or loss immediately.

A reversal of impairment loss is limited to the carrying amount of the asset or cash-generating unit that would have been determined had no impairment loss been recognised in prior periods. Reversal of impairment loss is recognised as an income in profit or loss immediately.

The accounting policy for recognition and reversal of the impairment loss for goodwill is stated in the accounting policy for goodwill in the earlier part of this note.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

2. PRINCIPAL ACCOUNTING POLICIES (*continued*)

Borrowings costs

Borrowings costs which are directly attributable to the acquisition, construction and production of qualifying assets, i.e. assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised as and included in finance costs in profit or loss in the period in which they are incurred.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount of obligation can be made. Expenditures for which a provision has been recognised are charged against the related provision in the year in which the expenditures are incurred. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount provided is the present value of the expenditures expected to be required to settle the obligation. Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the years necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, the fair value is credited to a deferred income account/recognised as a deduction from the carrying amount of the relevant asset and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

The benefit of a government loan received at a below-market rate of interest is treated as a government grant. The benefit of the below-market rate of interest shall be measured as the difference between the initial fair value of the loan and the proceeds received.

Leases

The Group assesses whether a contract is, or contains, a lease at inception of the contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As lessee

The Group applies the recognition exemption to short-term leases and low-value asset leases. Lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

The Group has elected not to separate non-lease components from lease components, and accounts for each lease component and any associated non-lease components as a single lease component.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

2. PRINCIPAL ACCOUNTING POLICIES (*continued*)

Leases (*continued*)

As lessee (continued)

The Group accounts for each lease component within a lease contract as a lease separately. The Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component.

Amounts payable by the Group that do not give rise to a separate component are considered to be part of the total consideration that is allocated to the separately identified components of the contract.

The Group recognises a right-of-use asset and a lease liability at the commencement date of the lease.

The right-of-use asset is initially measured at cost, which comprises

- (a) the amount of the initial measurement of the lease liability;
- (b) any lease payments made at or before the commencement date, less any lease incentive received;
- (c) any initial direct costs incurred by the Group; and
- (d) an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Subsequently, the right-of-use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability. Depreciation is provided on a straight-line basis over the shorter of the lease term and the estimated useful life of the right-of-use asset as follows:

Land use rights	40 years
Office premises	2-3 years
Motor vehicles	3 years

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date of the contract.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

2. PRINCIPAL ACCOUNTING POLICIES (*continued*)

Leases (*continued*)

As lessee (continued)

The lease payments including in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- (a) fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- (b) variable lease payments that depend on an index or a rate;
- (c) amounts expected to be payable under residual value guarantees;
- (d) exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- (e) payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

The lease payments are discounted using the interest rate implicit in the lease, or where it is not readily determinable, the incremental borrowing rate of the lessee.

Subsequently, the lease liability is measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

The lease liability is remeasured using a revised discount rate when there are changes to the lease payments arising from a change in the lease term or the reassessment of whether the Group will be reasonably certain to exercise a purchase option.

The lease liability is remeasured by using the original discount rate when there is a change in the residual value guarantee, the in-substance fixed lease payments or the future lease payments resulting from a change in an index or a rate (other than floating interest rate). In case of a change in future lease payments resulting from a change in floating interest rates, the Group remeasures the lease liability using a revised discount rate.

The Group recognises the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. If the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group recognises any remaining amount of the remeasurement in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

2. PRINCIPAL ACCOUNTING POLICIES (*continued*)

Leases (*continued*)

As lessee (continued)

A lease modification is accounted for as a separate lease if

- (a) the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- (b) the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

When a lease modification is not accounted for as a separate lease, at the effective date of the lease modification,

- (a) the Group allocates the consideration in the modified contract on the basis of relative stand-alone price as described above.
- (b) the Group determines the lease term the modified contract.
- (c) the Group remeasures the lease liability by discounting the revised lease payments using a revised discount rate over the revised lease term.
- (d) for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full elimination of the lease and recognising any gain or loss relating to the partial or full termination of the lease in profit or loss.
- (e) for all other lease modifications, the Group accounts for the remeasurement of the lease liability by making a corresponding adjustment to the right-of-use asset.

As lessor

The Group classifies each of its leases as either a finance lease or an operating lease at the inception date of the lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and sublease as two separate contracts. The sublease is classified as an operating lease if the head lease is a short-term lease to which the Group has applied the recognition exemption. Otherwise, the sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

The Group accounts for each lease component within a lease contract as a lease separately from non-lease components of the contract. The Group allocates the consideration in the contract to each lease component on a relative stand-alone price basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

2. PRINCIPAL ACCOUNTING POLICIES (*continued*)

Leases (*continued*)

As lessor – operating lease

The Group applies the derecognition and impairment requirements in HKFRS 9 to the operating lease receivables.

A modification to an operating lease is accounted for as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

Employee benefits

Short-term employee benefits

Salaries, annual bonuses, paid annual leave and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees.

Defined contribution plans

The obligations for contributions to a defined contribution retirement scheme are recognised as an expense in profit or loss as incurred. The assets of the scheme are held separately from those of the Group in an independently administered fund.

Overseas subsidiaries (including Hong Kong) also operate pension schemes or similar arrangements for their employees in accordance with the statutory requirements prescribed by the relevant legal authorities.

Long service payments

The Group's net obligation in respect of long service payments under the Employment Ordinance is the amounts of future benefit that employees have earned in return for their services in the current and prior periods. The obligation is calculated using the projected unit credit method and discounted to its present value and after deducting the fair value of any related assets, including those retirement scheme benefits.

Equity-settled share-based payment transactions

Share options granted to employees of the Group

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in share options reserve in equity.

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the estimates, if any, is recognised in profit or loss with a corresponding adjustment to share options reserve.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Equity-settled share-based payment transactions *(continued)*

Share options granted to employees of the Group (continued)

At the time when the share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to accumulated profits.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised as expenses immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award.

Taxation

The charge for current income tax is based on the results for the period as adjusted for items that are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, any deferred tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences is not recognised.

The deferred tax assets or liabilities are measured at the tax rates that are expected to apply to the period when the asset is recovered or liability is settled, based on the tax rates and the tax laws that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, tax losses and credits can be utilised.

Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary differences is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

For the purpose of measuring deferred tax assets or liabilities for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

2. PRINCIPAL ACCOUNTING POLICIES (*continued*)

Related parties

A related party is a person or entity that is related to the Group.

- (a) A person or a close member of that person's family is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group.
- (b) An entity is related to the Group if any of the following conditions applies:
 - (i) the entity and the Group are members of the same group (which means that each holding company, subsidiary and fellow subsidiary is related to the others).
 - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the entity is a member).
 - (iii) both entities are joint ventures of the same third party.
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.
 - (vi) the entity is controlled or jointly controlled by a person identified in (a).
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a holding company of the entity).
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Related parties *(continued)*

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- (a) that person's children and spouse or domestic partner;
- (b) children of that person's spouse or domestic partner; and
- (c) dependants of that person or that person's spouse or domestic partner.

In the definition of a related party, an associate includes subsidiaries of the associate and a joint venture includes subsidiaries of the joint venture.

Critical accounting estimates and judgements

Estimates and assumptions concerning the future and judgements are made by the management in the preparation of the consolidated financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. Where appropriate, revisions to accounting estimates are recognised in the period of revision and future periods, in case the revision also affects future periods.

Valuation of investment properties

The Group's investment properties are stated at fair value based on the valuation carried out by an independent professional valuer by adopting the income approach by reference of current existing tenancy and potential reversionary rental income at market level.

In determining the fair value of investment properties, the valuer has based on a method of valuation which involves, inter alia, achievable daily unit rent of comparable properties in close proximity adjusted for differences in key valuation attributes, such as size and age. In relying on the valuation report, management has exercised its judgement and is satisfied that the method of valuation is reflective of the current market conditions as at the end of the reporting period. Particulars of the investment properties of the Group are set out in note 14 to the consolidated financial statements.

Loss allowance for ECL

The Group's management estimates the loss allowance for financial assets by using various inputs and assumptions including risk of a default and expected loss rate. The estimation involves high degree of uncertainty which is based on the Group's historical information, existing market conditions as well as forward-looking estimates at the end of each reporting period. Where the expectation is different from the original estimate, such difference will impact the carrying amount of financial assets. Details of the key assumptions and inputs used in estimating ECL are set out in note 35(a) to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

2. PRINCIPAL ACCOUNTING POLICIES (*continued*)

Critical accounting estimates and judgements (*continued*)

Impairment of investments

The Group assesses annually if investments in subsidiaries and an associate have suffered any impairment in accordance with HKAS 36 and follows the guidance of HKFRS 9 in determining whether amounts due from these entities are impaired. Details of the approach are stated in the respective accounting policies. The assessment requires an estimation of future cash flows, including expected dividends, from the assets and the selection of appropriate discount rates. Future changes in financial performance and position of these entities would affect the estimation of impairment loss and cause the adjustments of their carrying amounts.

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for property, plant and equipment, land use rights, right-of-use assets and intangible assets at the end of each reporting period in accordance with the accounting policies as disclosed in note 2 to the consolidated financial statements. In determining whether an asset is impaired or the event previously causing the impairment no longer exists, the management has to assess whether an event has occurred that may affect the asset value or such event affecting the asset value has not been in existence. If any such indication exists, the recoverable amounts of the asset would be determined as the greater of the fair value less costs of disposal and value in use, the calculations of which involve the use of estimates. Owing to inherent risk associated with estimations in the timing and amounts of the future cash flows and fair value less costs of disposal, the estimated recoverable amount of the asset may be different from the amount actually received and profit or loss could be affected by accuracy of the estimations.

Key sources of estimation uncertainty

Fair value measurements and valuation processes

Certain of the Group's financial assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, management of the Group uses market-observable data to the extent available. Where Level 1 inputs are not available, the Group engages third-party qualified valuers to perform the valuation. At the end of the reporting period, management of the Group works closely with the qualified external valuers to establish and determine the appropriate valuation techniques and inputs for Level 2 and Level 3 fair value measurements. Management of the Group first considers and adopts Level 2 inputs where inputs can be derived from observable quoted prices in the active market. When Level 2 inputs are not available, management of the Group would adopt valuation techniques that include Level 3 inputs. Where there is a material change in the fair value of an asset or a liability, the causes of the fluctuations are reported to the directors of the Company for appropriate actions to be taken.

Information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of various financial assets and liabilities are disclosed in notes 36 to consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

2. PRINCIPAL ACCOUNTING POLICIES (*continued*)

Future changes in HKFRS Accounting Standards

At the date of authorisation of the consolidated financial statements, the HKICPA has issued the following new/revised HKFRS Accounting Standards that are relevant to the Group and are not yet effective for the current year, which the Group has not early adopted.

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ¹
Annual Improvements to HKFRS Accounting Standards	Volume 11 ¹
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity ¹
HKFRS 18	Presentation and Disclosure in Financial Statements ²
HKFRS 19	Subsidiaries without Public Accountability: Disclosures ²
Amendments to HKAS 21	Translation to Hyperinflationary Presentation Currency ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³

¹ Effective for annual periods beginning on or after 1 January 2026

² Effective for annual periods beginning on or after 1 January 2027

³ The effective date to be determined

The directors do not anticipate that the adoption of the new/revised HKFRS Accounting Standards in future periods will have any material impact on the results of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. 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 year is as follows:

	2025 HK\$'000	2024 HK\$'000
Revenue from contracts with customers within HKFRS 15, recognised over time:		
At fixed price		
– Property management service	173,884	181,650
– Tourism attractions related income	4,463	5,922
	178,347	187,572
At variable price		
– Environmental hygiene services	131,748	129,643
	310,095	317,215
Revenue from other sources:		
– Rental income	29,008	28,697
	339,103	345,912

Disaggregation of revenue from contracts with customers within HKFRS 15 are shown in segment disclosures in note 4 to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. SEGMENT REPORTING

Information reported to the executive directors of the Company, 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:

- 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 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.

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 years ended 31 December 2025 and 2024 is set out below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. SEGMENT REPORTING *(continued)*

(a) By business segment

Segment results

	Property management		Environmental hygiene		Integrated development		Diversified tourism products and services		Total	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
	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	173,884	181,650	131,748	129,643	4,463	5,922	-	-	310,095	317,215
Rental income	29,008	28,697	-	-	-	-	-	-	29,008	28,697
Reportable segment revenue	202,892	210,347	131,748	129,643	4,463	5,922	-	-	339,103	345,912
Segment results	22,223	37,980	16,864	26,712	(1,887)	(3,548)	(23)	80	37,177	61,224
Corporate and other unallocated income and expenses, net									(11,353)	(5,993)
Finance costs									(1,910)	(2,185)
Profit before taxation									23,914	53,046

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. SEGMENT REPORTING (*continued*)

(a) By business segment (*continued*)

Segment assets and liabilities

	Property management		Environmental hygiene		Integrated development		Diversified tourism products and services		Total	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets	134,308	180,284	176,742	160,792	206,029	197,203	6,774	1,595	523,853	539,874
Corporate and other unallocated assets									125,681	90,769
Total assets									649,534	630,643
Segment liabilities	118,094	125,112	34,488	41,816	25,020	24,199	642	605	178,244	191,732
Corporate and other unallocated liabilities									5,556	5,360
Total liabilities									183,800	197,092

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. SEGMENT REPORTING *(continued)*

(a) By business segment *(continued)*

Other segment information

	Property management		Environmental hygiene		Integrated development		Diversified tourism products and services		Corporate and other unallocated items		Total	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Amortisation and depreciation	995	1,128	12,478	16,098	3,885	5,202	1	46	1,424	379	18,783	22,853
Capital expenditure	267	8,969	219	1,134	-	182	-	-	1,074	3,153	1,560	13,438
Fair value changes in investment properties	19,472	4,891	-	-	-	-	-	-	-	-	19,472	4,891
Share of results of an associate	-	-	-	-	1,206	1,567	-	-	-	-	1,206	1,567
Provision for bad debt of other receivables, recognised in selling, general and administrative expenses	-	-	-	-	-	136	-	-	-	-	-	136
Provision for (Reversal of) loss allowance on trade receivables, recognized in selling, general and administrative expenses	3,095	4,860	4,209	(667)	(2,614)	(1,684)	-	(695)	-	-	4,690	1,814
Provision of (Reversal of) loss allowance on contract assets, recognized in selling, general and administrative expenses	-	-	9	(1,049)	-	-	-	-	-	-	9	(1,049)
Direct operating expenses arising from investment properties that generated rental income	2,306	2,433	-	-	-	-	-	-	-	-	2,306	2,433
Gain on disposal of property, plant and equipment	-	-	(1,575)	-	-	-	-	-	-	-	(1,575)	-
Write-off of property, plant and equipment	-	-	-	25	-	-	-	-	-	-	-	25

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. SEGMENT REPORTING (continued)

(b) 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 investment 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	
	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
Hong Kong	–	–	3,883	4,234
Chinese Mainland	339,103	345,912	183,114	211,761
	339,103	345,912	186,997	215,995

(c) Information about major customers

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

	2025 HK\$'000	2024 HK\$'000
Customer A (Note)	22,199	39,288
Customer B	86,428	79,178

Note: It represented the revenue generated from related companies controlled by Mr. Shi and Orient Victory Property Development Group Co., Ltd., which is 95%-owned by Mr. Shi, under the property management segment (2024: property management segment).

5. OTHER INCOME

	2025 HK\$'000	2024 HK\$'000
Compensation income	–	2,742
Interest income	1,493	6,751
Government subsidies	236	139
Penalty income	18	2,269
Refund of legal and professional fee	1,337	–
Sundry income	814	924
	3,898	12,825

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

6. FINANCE COSTS

	2025	2024
	HK\$'000	HK\$'000
Interest on lease liabilities	1,910	2,161
Other interest expenses	-	24
	1,910	2,185

7. PROFIT BEFORE TAXATION

This is stated after charging (crediting):

	2025	2024
	HK\$'000	HK\$'000
Staff costs, including directors' emoluments		
Wages, salaries and other benefits	82,319	86,952
Contribution to defined contribution scheme	10,799	11,745
Equity-settled share-based payment expenses	-	73
	93,118	98,770
Other items		
Auditors' remuneration:		
– audit services	1,649	1,700
– non-audit services	80	32
Amortisation of intangible assets included in selling, general and administrative expenses	16	16
Depreciation included in costs of services and selling, general and administrative expenses (as appropriate):		
– property, plant and equipment	16,949	21,242
– right-of-use assets	1,818	1,595
Cost of inventories sold	8	51
Provision for (Reversal of) loss allowance		
– trade receivables	4,690	1,814
– contract assets	9	(1,049)
Gain on disposal of property, plant and equipment	(1,575)	-
Write-off of property, plant and equipment	-	25
Direct operating expenses arising from investment properties that generated rental income	2,306	2,433
Provision for bad debt of other receivables	-	136
Exchange gain (loss), net	1,816	(1,766)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

8. TAXATION

For the year ended 31 December 2025 and 2024, 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 operations in Chinese Mainland is calculated at a rate of 25% (2024: 25%) on the estimated assessable profits for the year based on existing legislation, interpretations and practices in respect thereof.

For the years ended 31 December 2025 and 2024, Hong Kong Profits Tax has not been provided as the Group incurred a loss for taxation purpose in Hong Kong for both years.

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

	2025	2024
	HK\$'000	HK\$'000
Current tax – EIT		
Current year	7,148	10,368
Overprovision in prior year	(117)	(1,737)
Deferred tax		
Reversal of tax losses and temporary differences (note 27)	(4,648)	(4,463)
	2,383	4,168

Further details of the deferred taxation status are set out in note 27 to the consolidated financial statements.

Reconciliation of income tax expenses

	2025	2024
	HK\$'000	HK\$'000
Profit before taxation	23,914	53,046
Tax calculated at applicable tax rate	12,125	15,271
Non-deductible expenses	791	187
Non-taxable income	(800)	(1,400)
Tax effect of share of results of an associate	301	391
Over provision in prior year	(117)	(1,737)
Utilisation of previously unrecognised tax losses and temporary difference	(9,216)	(8,544)
Tax concessions	(1,127)	–
Others	426	–
Income tax expenses for the year	2,383	4,168

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

9. DIRECTORS' AND FIVE HIGHEST PAID INDIVIDUALS' EMOLUMENTS

(a) Directors' emoluments

The aggregate amounts of remuneration paid or payables to each director of the Company are as follows:

	2025			Total HK\$'000
	Directors' fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Pension scheme contributions HK\$'000	
Executive directors				
Mr. Mo Yueming (<i>Chairman</i>)	300	–	–	300
Mr. Xue Fei	–	139	24	163
Ms. Hao Ying	–	–	–	–
Non-executive director				
Mr. Suei Feng-jih (appointed on 7 May 2025 and resigned on 1 October 2025)	69	–	–	69
Mr. He Qi (appointed on 7 May 2025)	100	–	–	100
Independent non-executive directors				
Mr. Suei Feng-jih (resigned on 7 May 2025)	50	–	–	50
Mr. He Qi (resigned on 7 May 2025)	50	–	–	50
Mr. Lin Hua Rong, Harry	150	–	–	150
Ms. Juliett Jing Dong (appointed on 7 May 2025)	98	–	–	98
Mr. Yao Gang (appointed on 30 June 2025)	75	–	–	75
Chief executive officer				
Mr. Suei Feng-jih (appointed on 1 October 2025)	–	302	5	307
	892	441	29	1,362

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

9. DIRECTORS' AND FIVE HIGHEST PAID INDIVIDUALS' EMOLUMENTS (continued)

(a) Directors' emoluments (continued)

The aggregate amounts of remuneration paid or payables to each director of the Company are as follows: (continued)

	2024			Total HK\$'000
	Directors' fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Pension scheme contributions HK\$'000	
Executive directors				
Mr. Mo Yueming (<i>Chairman</i>)	150	–	–	150
Mr. Xue Fei (appointed on 28 June 2024)	–	82	2	84
Ms. Hao Ying (appointed on 28 June 2024)	–	–	–	–
Mr. Shi (retired on 28 June 2024)	1,483	–	9	1,492
Mr. Zhao Huining (retired on 28 June 2024)	–	–	–	–
Non-executive director				
Ms. Chang Meiqi (retired on 28 June 2024)	–	–	–	–
Independent non-executive directors				
Mr. He Qi	150	–	–	150
Mr. Suei Feng-jih	150	–	–	150
Mr. Lin Hua Rong, Harry (appointed on 28 June 2024)	75	–	–	75
Mr. Dong Xiaojie (retired on 28 June 2024)	75	–	–	75
	2,083	82	11	2,176

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

9. DIRECTORS' AND FIVE HIGHEST PAID INDIVIDUALS' EMOLUMENTS (continued)

(a) Directors' emoluments (continued)

There were no arrangements under which a director waived or agreed to waive any emoluments for both years. In addition, no emoluments were paid by the Group to any of the directors as an inducement to join, or upon joining the Group or as a compensation for loss of office for the year (2024: HK\$nil).

(i) Loans, quasi-loans and other dealings in favour of directors

There are no other loans, quasi-loans or other dealings in favour of the directors of the Company that were entered into or subsisted during the year ended 31 December 2025.

(ii) Directors' material interests in transactions, arrangements or contracts

The directors are of the opinion that no transactions, arrangements and contracts of significance in relation to the Company's business to which the Company was a party and in which a director of the Company had a material interest whether directly or indirectly, subsisted at the end of the year or at any time during the year ended 31 December 2025.

(b) Individuals with highest emoluments

Of the five individuals with the highest emoluments, no (2024: one) is director whose emolument is disclosed above. The aggregate of the emoluments in respect of the remaining five (2024: four) highest paid individuals, who are not directors, are as follows:

	2025	2024
	HK\$'000	HK\$'000
Salaries and other benefits	3,135	2,914
Retirement benefits scheme contributions	160	72
	3,295	2,986

The emoluments of the five (2024: four) individuals with the highest emoluments are within the following bands:

	Number of employees	
	2025	2024
Nil to HK\$1,000,000	5	4

There were no arrangements under which any of the five (2024: four) highest paid individuals waived or agreed to waive any remuneration during the year (2024: HK\$nil). In addition, no remuneration was paid by the Group to any of the five (2024: four) highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office (2024: HK\$nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

10. DIVIDEND

The Board of Directors of the Company does not recommend the payment of a final dividend for the years ended 31 December 2025 and 2024.

11. EARNINGS PER SHARE

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

	2025 HK\$'000	2024 HK\$'000
Profit attributable to the equity holders of the Company	22,774	49,114
Distributions paid to the holders of perpetual convertible securities	(2,100)	(18,982)
Accrued distributions to the holders of perpetual convertible securities	(2,100)	–
	18,574	30,132

	2025 Number of shares '000	2024 Number of shares '000
Weighted average number of ordinary shares for the purposes of calculating basic earnings per share	258,442	258,442

The computation of diluted earnings per share for the years ended 31 December 2025 and 2024 did not assume the conversion of certain perpetual convertible securities since their assumed conversion and issue during the years would have an anti-dilutive effect on the basic earnings per share amount presented.

12. GOODWILL

Goodwill related to the acquisition of Hebei Tu Men Travel Development Limited. The goodwill had been fully impaired in prior years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

13. PROPERTY, PLANT AND EQUIPMENT

	Building HK\$'000	Furniture and leasehold improvements HK\$'000	Machinery and equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
Cost					
At 1 January 2024	99,851	561	78,874	1,379	180,665
Additions	-	425	1,371	286	2,082
Write-off	-	-	(249)	-	(249)
Exchange realignment	(1,833)	-	(2,539)	(15)	(4,387)
At 31 December 2024 and 1 January 2025	98,018	986	77,457	1,650	178,111
Additions	-	-	486	-	486
Disposal	-	-	(24,381)	-	(24,381)
Exchange realignment	5,537	-	896	10	6,443
At 31 December 2025	103,555	986	54,458	1,660	160,659
Accumulated depreciation					
At 1 January 2024	14,561	20	28,629	1,276	44,486
Charge for the year	4,465	75	16,650	52	21,242
Write-off	-	-	(224)	-	(224)
Exchange realignment	(648)	-	(1,086)	(7)	(1,741)
At 31 December 2024 and 1 January 2025	18,378	95	43,969	1,321	63,763
Charge for the year	3,245	150	13,495	59	16,949
Disposal	-	-	(16,776)	-	(16,776)
Exchange realignment	1,048	-	1,438	11	2,497
At 31 December 2025	22,671	245	42,126	1,391	66,433
Net carrying values					
At 31 December 2025	80,884	741	12,332	269	94,226
At 31 December 2024	79,640	891	33,488	329	114,348

Note:

- (i) As at 31 December 2025, the Group is in process of applying for certificates of ownership for certain buildings with carrying amount of HK\$56,187,000 (2024: HK\$55,832,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

14. INVESTMENT PROPERTIES

	2025 HK\$'000	2024 HK\$'000
Fair value		
At the beginning of the reporting period	75,984	74,783
Additions	7,039	8,628
Fair value change	(19,472)	(4,891)
Exchange realignment	3,461	(2,536)
At the end of the reporting period	67,012	75,984

Notes:

- (a) The investment properties held at the end of the reporting period were valued by Vincorn Consulting and Appraisal Limited (2024: Vincorn Consulting and Appraisal Limited), an independent professional valuer. The valuation, Global Standards, incorporating the International Valuation Standards, issued by the Royal Institution of Chartered Surveyors, was conducted by the investment approach by reference of current existing sub-leasing tenancy and potential reversionary rental income at market level for the unleased period. Achievable daily unit rent of comparable properties in close proximity adjusted for differences in key valuation attributes, such as size and age, were used to value the properties. The most significant inputs used in this valuation approach are capitalisation rates and prevailing unit market rent.

All of the Group's property interests held under leases to earn rental or for capital appreciation purposes are measured using the fair value model and are classified as investment properties.

- (b) The investment properties of the Group are situated in the PRC, with remaining unexpired lease term ranging from 2 to 32 years (2024: from 2 to 17 years).

Leasing arrangement – as lessor

Certain investment properties are leased to tenants for a term ranging from 1 to 10 years (2024: 1 to 11 years), in which the leases are cancellable with a notice period of 2 months (2024: 2 months). The leases provide the lessees with option to renew the leases upon expiry. Monthly rental charges consist of fixed payments. The tenants also bear the management fees.

The lease income from operating leases is set out in note 3 to the consolidated financial statements.

Properties under leases are subject to residual value risk. The lease contracts, as a result, include a provision based on which the Group has the right to charge the tenants for any damages to the investment properties at the end of the leases. Besides, the Group has purchased insurance to protect it against any losses that may arise from accidents or physical damages of the properties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

14. INVESTMENT PROPERTIES (*continued*)

Leasing arrangement – as lessor (*continued*)

Below is a maturity analysis of undiscounted lease payments to be received from the investment properties under operating leases.

	2025 HK\$'000	2024 HK\$'000
Year 1	25,287	24,125
Year 2	18,919	20,452
Year 3	12,970	10,954
Year 4	10,933	8,989
Year 5	6,179	7,437
After Year 5	17,427	22,377
	91,715	94,334

15. RIGHT-OF-USE ASSETS

The movements of right-of-use assets within HKFRS 16 are set out below:

	Land use rights HK\$'000	Office premises HK\$'000	Motor vehicle HK\$'000	Total HK\$'000
Reconciliation of carrying amount – year ended 31 December 2024				
At the beginning of the reporting period	24,113	208	821	25,142
Addition	–	2,728	–	2,728
Depreciation	(543)	(304)	(748)	(1,595)
Exchange realignment	(617)	–	(73)	(690)
At the end of the reporting period	22,953	2,632	–	25,585
Reconciliation of carrying amount – year ended 31 December 2025				
At the beginning of the reporting period	22,953	2,632	–	25,585
Addition	–	1,074	–	1,074
Depreciation	(543)	(1,275)	–	(1,818)
Exchange realignment	853	–	–	853
At the end of the reporting period	23,263	2,431	–	25,694
At 31 December 2024				
Cost	26,323	2,728	–	29,051
Accumulated depreciation	(3,370)	(96)	–	(3,466)
Net carrying amount	22,953	2,632	–	25,585
At 31 December 2025				
Cost	27,353	3,802	–	31,155
Accumulated depreciation	(4,090)	(1,371)	–	(5,461)
Net carrying amount	23,263	2,431	–	25,694

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

15. RIGHT-OF-USE ASSETS (continued)

The movements of right-of-use assets within HKFRS 16 are set out below: (continued)

	Land use rights	Office premises	Motor vehicle	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 31 December 2024				
Cost	26,323	2,728	–	29,051
Accumulated depreciation	(3,370)	(96)	–	(3,466)
Net carrying amount	22,953	2,632	–	25,585
At 31 December 2025				
Cost	27,353	3,802	–	31,155
Accumulated depreciation	(4,090)	(1,371)	–	(5,461)
Net carrying amount	23,263	2,431	–	25,694

Land use right represents the prepaid lease payment of land located in the PRC. The land use right has a finite useful life and is depreciated on a straight-line basis over 40 years. At the end of the reporting period, the remaining useful life is 33 years (2024: 34 years). The Group's land use rights for its operation of tourism and cultural attractions, where the buildings and facilities are primarily located. The Group is the registered owner of the land. Lump sum payments were made upfront to acquire the land from the previous registered owner, and there are no ongoing payments to be made under the terms of the land lease.

The Group has recognised the following amounts for the year:

	2025	2024
	HK\$'000	HK\$'000
Lease payments – Expenses recognised in profit or loss:		
Lease payments for short-term leases	585	553
Total cash outflow for leases	12,818	14,476

Commitments under operating leases

As at 31 December 2025, the Group was committed to HK\$321,000 (2024: HK\$851,000) for short-term leases were committed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

16. INTANGIBLE ASSETS

	Travel license and others HK\$'000	Software HK\$'000	Total HK\$'000
Cost:			
At 1 January 2024	1,664	240	1,904
Exchange adjustments	(94)	(8)	(102)
At 31 December 2024	1,570	232	1,802
At 31 December 2024 and 1 January 2025	1,570	232	1,802
Exchange adjustments	33	11	44
At 31 December 2025	1,603	243	1,846
Accumulated amortisation:			
At 1 January 2024	1,664	83	1,747
Charge for the year	–	16	16
Exchange adjustments	(94)	55	(39)
At 31 December 2024	1,570	154	1,724
At 31 December 2024 and 1 January 2025	1,570	154	1,724
Charge for the year	–	16	16
Exchange adjustments	33	8	41
At 31 December 2025	1,603	178	1,781
Net carrying values			
At 31 December 2025	–	65	65
At 31 December 2024	–	78	78

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For the year ended 31 December 2025

17. SUBSIDIARIES

Details of the principal subsidiaries of the Company at the end of the reporting period are as follows:

Name of subsidiaries	Place of incorporation/ operation/kind of legal entity	Particulars of issued share capital/ paid up capital	Effective ownership interest held by the Company		Principal activities
			Directly	Indirectly	
Shenzhen Gangyu Huamei Management Company Limited (深圳港悦华美企业管理有限公司) (Note (i))	the PRC/Limited liability company	Note (iii)	-	100% (2024: 100%)	Property management
Tu Men Travel Development Limited (“Tu Men Travel”) (河北土門旅游開發有限公司) (Note (ii))	the PRC/Limited liability company	Note (iv)	-	55% (2024: 55%)	Tourism business
Hebei Yidao Town Real Estate Development Limited (河北驛道小鎮房地產開發有限公司) (Note (ii))	the PRC/Limited liability company	Note (v)	-	75% (2024: 75%)	Tourism business and property development
Hebei Gangyu Property Management Services Company Limited (河北港譽智慧物業服務有限公司) (“Gangyu PMS”) (Note (i))	the PRC/Limited liability company	Note (vi)	-	100% (2024: 100%)	Property management and leasing related service
Shijiazhuang Jiayan Business Management Company Limited (石家莊嘉言商業管理有限公司) (Note (i))	the PRC/Limited liability company	Note (vii)	-	100% (2024: 100%)	Leasing related service
Gangyu Smart Environment Services (Beijing) Company Limited (港譽智慧環境服務(北京)有限公司) (Note (i))	the PRC/Limited liability company	Note (viii)	-	100% (2024: 100%)	Ecological environment engineering
Beijing Huayu Tourism Development Co., Ltd. (北京華譽旅遊開發有限公司) (Note (i))	the PRC/Limited liability company	Note (ix)	-	100% (2024: 100%)	Tourism business
Hebei Tengming Tourism Development Co., Ltd. (河北滕鳴旅遊開發有限公司) (Note (i))	the PRC/Limited liability company	Note (x)	-	100% (2024: 100%)	Tourism business
Zhangjiakou Chongli District Huayu Tourism Development Co., Ltd. (張家口崇禮區華譽旅遊開發有限公司) (Note (i))	the PRC/Limited liability company	Note (xi)	-	100% (2024: 100%)	Construction industry

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For the year ended 31 December 2025

17. SUBSIDIARIES (continued)

Details of the principal subsidiaries of the Company at the end of the reporting period are as follows: (continued)

Name of subsidiaries	Place of incorporation/ operation/kind of legal entity	Particulars of issued share capital/ paid up capital	Effective ownership interest held by the Company		Principal activities
			Directly	Indirectly	
Gangyu Smart City Environmental Services (Xiong'an) Group Co., Ltd. (港譽智慧城市環境服務(雄安)集團有限公司) (Note (i))	the PRC/Limited liability company	Note (xii)	-	100% (2024: 100%)	Environmental sanitation management
Cangzhou Dongchuang Ecological Environment Service Co., Ltd. (滄州東創生態環境服務有限公司) (Note (i))	the PRC/Limited liability company	Note (xiii)	-	100% (2024: 100%)	Environmental governance industry
Hebei Gangyue Commercial Management Co., Ltd. (河北港悅商業管理有限公司) (Note (i))	the PRC/Limited liability company	Note (xiv)	-	100% (2024: 100%)	Business services industry
Hong Kong Orient Victory China Cultural & Tourism Industrial Development Limited	Hong Kong/Limited liability company	HK\$10,000,000	-	100% (2024: 51%) (Note 34)	Investment holding

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For the year ended 31 December 2025

17. SUBSIDIARIES (continued)

The above summary includes those subsidiaries which, in the opinion of the directors, principally affect the results or form a substantial portion of the net assets of the Group. The classes of shares held are ordinary shares unless otherwise stated. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length. None of the subsidiaries had any debt securities in issue at any time during the years ended 31 December 2025 and 2024.

Notes:

- (i) The English translation of the name is for reference only. The official name of the entity is in Chinese. The entity is a limited liability company and wholly domestic owned enterprise registered as under PRC law.
- (ii) The English translation of the name is for reference only. The official name of the entity is in Chinese. The entity is a limited liability company and local joint venture registered as under PRC law.
- (iii) The registered capital of this entity is RMB50,000,000. As of 31 December 2025 and 2024, the whole registered capital has not been paid up and is required to be paid up before 2029.
- (iv) The registered capital of this entity is RMB66,486,000. As of 31 December 2025 and 2024, the whole registered capital has not been paid up and is required to be paid up before 2046.
- (v) The registered capital of this entity is RMB120,000,000. As of 31 December 2025 and 2024, the whole registered capital has not been paid up and is required to be paid up before 2048.
- (vi) The registered capital of this entity is RMB60,000,000. As of 31 December 2025 and 2024, the whole registered capital has not been paid up and is required to be paid up before 2037.
- (vii) The registered capital of this entity is RMB1,000,000. As of 31 December 2025 and 2024, the whole registered capital has not been paid up and is required to be paid up before 2036.
- (viii) The registered capital of this entity is RMB20,000,000. As of 31 December 2025 and 2024, the whole registered capital has not been paid up and is required to be paid up before 2029.
- (ix) The registered capital of this entity is RMB24,000,000. As of 31 December 2025 and 2024, the whole registered capital has not been paid up and is required to be paid up before 2026.
- (x) The registered capital of this entity is RMB20,000,000. As of 31 December 2025 and 2024, the whole registered capital has not been paid up and is required to be paid up before 2048.
- (xi) The registered capital of this entity is RMB5,000,000. As of 31 December 2025 and 2024, the whole registered capital has not been paid up and is required to be paid up before 2029.
- (xii) The registered capital of this entity is RMB50,000,000. As of 31 December 2025 and 2024, the whole registered capital has not been paid up and is required to be paid up before 2053.
- (xiii) The registered capital of this entity is RMB5,000,000. As of 31 December 2025 and 2024, the whole registered capital has not been paid up and is required to be paid up before 2030.
- (xiv) The registered capital of this entity is RMB3,380,000. As of 31 December 2025 and 2024, the whole registered capital has not been paid up and is required to be paid up before 2029.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

17. SUBSIDIARIES (*continued*)

Financial information of subsidiaries with individually material NCI

The following table shows the information relating to each of the non-wholly owned subsidiaries that has material non-controlling interests (“NCI”). The summarised financial information represents amounts before inter-company eliminations.

Tu Men Travel	2025	2024
Proportion of NCI’s ownership interests	45%	45%
	HK\$’000	HK\$’000
Non-current assets	104,187	103,823
Current assets	10,251	756
Current liabilities	(57,474)	(46,901)
Non-current liabilities	(3,346)	(3,346)
Net assets	53,618	54,332
Carrying amount of NCI	24,128	24,449
	HK\$’000	HK\$’000
Revenue	4,873	5,922
Expenses	(8,202)	(9,921)
Loss for the year	(3,329)	(3,999)
Other comprehensive loss for the year	(714)	(1,826)
Total comprehensive loss for the year	(4,043)	(5,825)
Loss attributable to NCI		
Loss for the year	(1,498)	(1,799)
Other comprehensive loss for the year	(321)	(822)
Total comprehensive loss for the year	(1,819)	(2,621)
Dividends payable/paid to NCI	-	474
Net cash inflow (outflow) from		
- operating activities	142	1,620
- investing activities	-	(1,295)
- financing activities	-	(474)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

18. INVESTMENT IN AN ASSOCIATE

	2025	2024
	HK\$'000	HK\$'000
Share of net assets	22,562	22,686
Share of results	(1,206)	(1,567)
Amount due from an associate (note (a))	58,904	56,185

Details of the associate at the end of the reporting period are as follows:

Name of an associate	Place of incorporation/ kind of legal entity	Particular of issued share capital	Proportion of value of registered capital held indirectly by the Company		Principal activities
			Directly	Indirectly	
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")	The PRC/ limited liability company	RMB5,000,000	-	40% (2024: 40%)	Real estate development and sales and other related service, inactive during the year

* The English translation of the name is for reference only. The official name of the entity is in Chinese.

Fair value of investment

The above associates is a private company and there is no quoted market price available for the investment.

Financial information of the associate

Summarised financial information of the above associate of the Group is set out below, which represents amounts shown in the associate's financial statements prepared in accordance with HKFRS Accounting Standards and adjusted by the Group for equity accounting purposes including any differences in accounting policies and fair value adjustments.

The above associate is accounted for using the equity method in the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

18. INVESTMENT IN AN ASSOCIATE (*continued*)

Financial information of the associate (*continued*)

	2025	2024
Group's ownership interests	40%	40%
At 31 December	HK\$'000	HK\$'000
<i>Gross amount</i>		
Current assets	95,722	91,273
Non-current assets	113,930	112,596
Current liabilities	(149,505)	(142,602)
Non-current liabilities	(3,741)	(4,551)
Net assets	56,406	56,716
Group's share of equity and carrying amount of interests	22,562	22,686
	2025	2024
Group's ownership interests	40%	40%
Year ended 31 December	HK\$'000	HK\$'000
Revenue	-	-
Loss for the year	(3,016)	(3,917)
Other comprehensive income (loss) for the year	2,706	(2,003)
Total comprehensive loss for the year	(310)	(5,920)
Group's share of results:		
Loss for the year	(1,206)	(1,567)
Other comprehensive income (loss) for the year	1,082	(802)
Total comprehensive loss for the year	(124)	(2,369)

Note:

- (a) As at 31 December 2025, amount due from an associate of HK\$58,904,000 (2024: HK\$56,185,000) are interest-free and repayable on demand.

Due to the relatively thin capitalisation of Dakun Zhifang, the intermediate holding company of Dakun Zhifang controlled by Mr. Shi, has confirmed in writing its intention to provide financial support to the associate in the next 12 months to the extent that is necessary to allow it to continue its business. In addition, the amount due from an associate is secured by investment properties of HK\$113,930,000 (2024: HK\$112,596,000) and land held for future development for sale of HK\$95,086,000 (2024: HK\$90,697,000) held by Dakun Zhifang. As such, the directors of the Company consider that the credit risk arising from the amount due from an associate are significantly mitigated by the financial support and secured investment properties and that no loss allowance is necessary.

Contingent liabilities of an associate

At the end of the reporting period, there are no contingent liabilities incurred by the Group in relation to its investment in an associate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

19. INVENTORIES

	2025 HK\$'000	2024 HK\$'000
Raw materials	102	132
Land held for future development for sale	15,808	14,927
	15,910	15,059

The amount of land held for future development expected to be recovered after more than one year is HK\$15,808,000 (2024: HK\$14,927,000). All of the other inventories are expected to be recovered within one year.

20. FINANCIAL ASSETS AT FVTPL

	2025 HK\$'000	2024 HK\$'000
Unlisted equity securities in the PRC	5,563	–

In November 2025, the Group has entered a sales and purchase agreement with a third party for the acquisition of 2.42% of equity interest of unlisted equity securities in the PRC at a cash consideration of RMB5,000,000. The transaction has been completed in December 2025. The investment is managed on a fair value basis and forms part of the Group's portfolio of financial assets that are activity monitored for short-term capital deployment. Accordingly, the unlisted equity securities are presented as current financial assets at FVTPL.

Details of the fair value measurements are set out in note 36 to the consolidated financial statements.

21. TRADE RECEIVABLES/CONTRACT ASSETS

(a) Trade receivables

	2025 HK\$'000	2024 HK\$'000
From third parties	151,064	116,725
From related companies in which Mr. Shi, a controlling shareholder of the Company, has beneficial interest	40,067	53,182
	191,131	169,907
Loss allowance	(16,797)	(11,440)
	174,334	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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

21. TRADE RECEIVABLES/CONTRACT ASSETS *(continued)*

(a) Trade receivables *(continued)*

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

	2025	2024
	HK\$'000	HK\$'000
Within 90 days	42,515	62,001
91 to 180 days	32,035	34,769
181 to 365 days	53,445	48,986
Over 365 days	46,339	12,711
	174,334	158,467

(b) Contract assets

	2025	2024
	HK\$'000	HK\$'000
From third parties	27,950	16,860
Loss allowance	(15)	(6)
	27,935	16,854

The movements (excluding those arising from increases and decreases both occurred within the same year) of contract assets from contracts with customers within HKFRS 15 during the year are as follows:

	2025	2024
	HK\$'000	HK\$'000
At the beginning of the reporting period	16,854	41,826
Addition	29,039	17,201
Transferred to trade receivables	(17,257)	(42,338)
Reversal of impairment loss	(9)	1,049
Exchange adjustments	(692)	(884)
At the end of the reporting period	27,935	16,854

At 31 December 2025, no (2024: no) contract assets that are expected to be recovered after more than 12 months.

Information about the Group's exposure to credit risks and loss allowance for trade and rental receivables and contract assets is included in note 35 to the consolidated financial statements.

Provision of loss allowance on trade receivables of HK\$4,690,000 (2024: HK\$1,814,000) was recognised in profit or loss during the year.

Provision of loss allowance on contract assets of HK\$9,000 (2024: reversal of loss allowance of HK\$1,049,000) was recognised in profit or loss during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

22. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Notes	2025 HK\$'000	2024 HK\$'000
Other receivables			
From third parties			
– The PRC local government	(i)	3,930	3,749
– Others		14,314	10,399
From related parties	(ii)	322	305
	(iv)	18,566	14,453
Prepayments		9,804	11,080
Deposits		981	1,166
Consideration receivables		959	915
Refund receivable from acquisition of investment properties	(iii)	–	26,500
		11,744	39,661
		30,310	54,114

Notes:

- (i) Pursuant to an agreement dated 28 October 2021 entered into between the Group and Luquan Branch of Shijiazhuang Natural Resources and Planning Bureau, a piece of land of the Group located in Hebei Province 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 at the carrying amount of RMB85,897,000 (equivalent to approximately HK\$102,344,000), for which its legal right of use was transferred back to Luquan Branch of Shijiazhuang Natural Resources and Planning Bureau for a total compensation of RMB85,033,000 (equivalent to approximately HK\$102,162,000). During the year, no compensation (2024: RMB6,500,000) was received. The directors of the Company are of the view that the amount are expected to be fully recoverable within one year.
- (ii) The amounts are unsecured, interest-free and no repayment terms. The maximum balance during the year was HK\$491,000 (2024: HK\$607,000).
- (iii) In January 2022, a subsidiary purchased 47 commercial units in Shijiazhuang, Hebei from Qifuqianyue for RMB22,876,000 (approximately HK\$26,467,000), with the consideration fully settled. Following Qifuqianyue's notice in February 2024 of delays in the development project, both parties entered into a settlement agreement on 19 April 2024 under which the Group received three commercial properties worth HK\$2,742,000 as compensation, which were recognised as investment properties and leased out during 2024. As the original properties could not be delivered by 30 December 2024, management decided to terminate the transactions and request a refund along with a penalty, and the total amount of HK\$26,500,000 was received in January 2025.
- (iv) The amount is unsecured, interest-free and no fixed repayment terms.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

23. CASH AND CASH EQUIVALENTS

	2025 HK\$'000	2024 HK\$'000
Cash at banks and on hand	94,512	53,836
Time deposits with maturity – less than 3 months	25,529	32,514
	120,041	86,350

Notes:

- (a) Included in cash and cash equivalents are bank balances deposited in Chinese Mainland and denominated in RMB of HK\$90,867,000 (2024: HK\$45,483,000). RMB is not freely convertible into other currencies, and the remittance of funds out of the PRC is subject to the exchange restriction imposed by the PRC government.

24. TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES

	Notes	2025 HK\$'000	2024 HK\$'000
Trade payables			
– To third parties		27,831	31,797
– To related companies in which Mr. Shi, a controlling shareholder of the Company, has beneficial interest		1,054	773
	(a)	28,885	32,570
Contract liabilities	(b)	27,774	29,683
Other payables			
Consideration payables for acquisition of Tu Men Travel		6,828	6,513
Deposits		1,985	1,741
Receipt in advance in respect of rental income		8,612	5,621
Accrued charges and other payables	(c)	37,230	49,089
		54,655	62,964
		111,314	125,217

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

24. TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES (*continued*)

Note:

- (a) The ageing analysis of trade payables by invoice date is summarised as follows:

	2025 HK\$'000	2024 HK\$'000
Within 90 days	8,746	12,659
91 to 180 days	3,020	5,304
181 to 365 days	3,487	4,396
Over 365 days	13,632	10,211
	28,885	32,570

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

- (b) Contract liabilities

The movements (excluding those arising from increases and decreases both occurred within the same year) of contract liabilities from contracts with customers within HKFRS 15 during the year are as follows:

	2025 HK\$'000	2024 HK\$'000
At the beginning of the reporting period	29,683	26,820
Recognised as revenue	(30,383)	(26,472)
Receipt in advances	29,691	30,294
Exchange adjustments	(1,217)	(959)
At the end of the reporting period	27,774	29,683

Unsatisfied or partially unsatisfied performance obligations

All (2024: all) of the performance obligations that are unsatisfied or partially unsatisfied at 31 December 2025 are part of contracts that have an original expected duration of one year or less. Given that the Group applies the practical expedient in paragraph 121(a) of HKFRS 15, the transaction price allocated to these performance obligations is not disclosed.

- (c) The amount mainly represented accrued employment benefits payables and other tax payables, which was unsecured, interest-free and no fixed repayment terms.

25. LEASE LIABILITIES

	2025 HK\$'000	2024 HK\$'000
Current portion	9,511	9,047
Non-current portion	29,539	37,313
	39,050	46,360

At the end of the reporting period, lease liabilities are carried at weighted average incremental borrowing rate ranging from 2.2% to 5.25% (2024: from 2.2% to 5.25%) per annum and repayable in 1 to 16 years (2024: 1 to 17 years).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

26. EQUITY SETTLED SHARE-BASED TRANSACTIONS

On 12 July 2019, GTGHL adopted a share award scheme (the “Scheme”) to grant awarded restricted shares of the Company (the “Awarded Shares”) to selected persons. The Scheme shall be valid and effective for 10 years. On 22 July 2019, the board of directors of GTGHL approved to grant 8,970,000 Awarded Shares of the Company at nil consideration to 15 employees of the Group under the Scheme. All the vesting period was ended on 21 July 2024.

On 30 May 2025, the Company established a new share award scheme for employees (the “2025 Plan”). The purpose of the share award scheme is to provide the Company with a flexible means of attracting, remunerating, incentivising, retaining, rewarding, compensating and/or providing benefits to eligible participants through aligning their interests with those of the Company and the Shareholders.

The share award scheme shall be valid and effective until the date which is ten years after the adoption date. After the expiry of the share award scheme, no further awards shall be offered or granted, but in all other respects the provisions of the share award scheme shall remain in full force and effect to the extent necessary to give effect to the settlement of any awards granted prior thereto or otherwise as may be required in accordance with the provisions of the share award scheme.

Employee participants shall be eligible for the share award scheme. The employee participants refer to chief executive, any executive or non-executive director or any employee of the Group (including persons who are granted share awards under the share award scheme as an inducement to enter into employment contracts or service contracts or appointment letters with the Group).

The total number of shares which may be granted under the share award scheme must not in aggregate exceed 10% of the total number of shares in issue as at the adoption date (excluding treasury shares).

The maximum number of awarded shares which may be granted to an employee participant at any one time or in aggregate must not exceed 1% of the issued share capital of the Company as at the adoption date in any 12-month period. Any grant of share awards to any of the directors or chief executive of the Company or any of their respective associates under the share award scheme must be approved by the independent non-executive directors.

As at 31 December 2025, there were no share awards granted under the 2025 Plan.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

27. DEFERRED TAXATION

The following are the deferred tax (assets) liabilities recognised and the movements thereon during the years ended 31 December 2025 and 2024.

	Tax losses HK\$'000	Fair value adjustment on non - current assets upon the acquisition of subsidiaries HK\$'000	Revaluation of investment property HK\$'000	Total HK\$'000
At 1 January 2024	(2,688)	3,373	8,081	8,766
Credited to profit or loss (note 8)	(1,215)	-	(3,248)	(4,463)
Exchange realignment	440	(1)	669	1,108
At 31 December 2024 and 1 January 2025	(3,463)	3,372	5,502	5,411
Credited to profit or loss (note 8)	(2,310)	-	(2,338)	(4,648)
Exchange realignment	289	-	(192)	97
At 31 December 2025	(5,484)	3,372	2,972	860

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27. DEFERRED TAXATION (*continued*)

Unrecognised deferred tax assets

	2025	2024
	HK\$'000	HK\$'000
Tax losses arising in Hong Kong	19,813	23,303
Tax losses arising in the PRC	15,028	39,688
	34,841	62,991

At the end of the reporting period, the Group had the following tax losses arising in the PRC that can be offset against future taxable profits of the respective subsidiaries for a maximum of 5 years from the year in which the tax losses were incurred:

	2025	2024
	HK\$'000	HK\$'000
Year of expiry		
2025	-	30,781
2026	4,537	4,558
2027	1,176	1,083
2028	1,122	926
2029	3,722	2,340
2030	4,471	-
	15,028	39,688

The accumulated profits of certain foreign subsidiaries would be subject to additional taxation if they are distributed. The estimated withholding tax effects on the distribution of accumulated profits of these foreign entities were approximately of HK\$20,427,000 (2024: HK\$16,731,000). In the opinion of the directors, these accumulated profits, at the present time, are required for financing the continuing operations of the entities and no distribution would be made in the future. Accordingly, no provisions for additional deferred taxation have been made.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

28. SHARE CAPITAL

	2025		2024	
	Number of shares '000	HK\$'000	Number of shares '000	HK\$'000
Authorised:				
At the beginning of the reporting period, ordinary shares of HK\$0.25 each	400,000	100,000	20,000,000	100,000
Share Consolidation (note)	-	-	(19,600,000)	-
At the end of the reporting period, ordinary shares of HK\$0.25 (2024: 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 each	258,442	64,610	12,922,075	64,610
Share Consolidation (note)	-	-	(12,663,633)	-
At the end of the reporting period, ordinary shares of HK\$0.25 (2024: 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 (the "Share Consolidation").

29. 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 known as 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.

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 per ordinary share of the Company for the 2016 March PCS. Upon the completion of Share Consolidation 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.

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29. PERPETUAL CONVERTIBLE SECURITIES (*continued*)

Distributions at a rate of 6% per annum shall be payable on the 2016 March PCS semi-annually in arrears in equal instalments, which may be deferred at the sole discretion of the Company unless a compulsory distribution payment events (including a discretionary dividend distribution or other payment has been declared or paid by the Company on debt securities any class of the Company's share capital has occurred.

On 20 May 2019, the Company partially redeemed the 2016 March PCS have been redeemed by the Company at the total amount of HK\$100,000,000 in the amount of HK\$100,000,000. As at 31 December 2025, an aggregate principal amount of HK\$70,000,000 remained outstanding, convertible into 2,575,423 shares immediately following the Share Consolidation. As at 31 December 2025, an aggregate amount of HK\$2,100,000 was distributed to the holder of 2016 March PCS on 29 March 2025 and the accumulated deferred distribution amounted to HK\$2,100,000 (2024: Nil).

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

On 4 October 2024, having considered (i) the continuous cancellation of the distributions will have negative impact on the reputation of the Company; (ii) the Company has sufficient cash and bank balance; and (iii) the dilution impact of the conversion of the 2016 October PCS, the Board decided to redeem the 2016 October PCS in full by way of (i) cash considerations paid to GTGHL, a controlling shareholder of the Company, 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 GTGHL, amounted to HK\$302,000; and (iii) settlement through issuance of perpetual bonds in the principal amount of HK\$80,000,000 to GTGHL. 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.

30. RESERVES

The following provides a description of nature and purpose of each reserve within equity:

Share premium

Share premium represents the difference between the par value of the shares of the Company and proceeds received from the issuance of the shares of the Company. Under the Companies Law of the Cayman Islands, the share premium account of the Company is distributable to the equity shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company would be in a position to pay off its debts as they fall due in the ordinary course of business.

Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

Other reverse

Other than the disclosure at this consolidated financial statement at note 34 (iii), included in the other reserves of HK\$2,760,000 (2024: HK\$2,760,000) represented the difference between consideration paid and the amount of the non-controlling interests, as a result of acquisition of 49% equity interests in Gangyu Smart Environment Services (Beijing) Company Limited, upon completion of the transaction.

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31. PERPETUAL BONDS

In December 2024, the Company entered into a subscription agreement (the “Subscription Agreement”) with GTGHL (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 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. Pursuant to the Board of Directors meeting held on 5 September 2025, the Company resolved to cancel the distribution of the Perpetual Bonds, which was originally scheduled to be paid on 30 September 2025 at a distribution rate of 5.4%.

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.

32. OTHER CASH FLOW INFORMATION

Details of the changes in the Group’s liabilities from financing activities are as follows:

	Distributions payable HK\$’000	Lease liabilities HK\$’000	Total HK\$’000
2024			
At the beginning of the reporting period	–	49,217	49,217
Addition	–	8,613	8,613
Distributions declared	35,782	–	35,782
Finance costs	–	2,161	2,161
Exchange adjustments	–	292	292
Cash outflow in financing activities:			
Distributions paid to holders of perpetual convertible securities	(35,782)	–	(35,782)
Repayment of lease liabilities	–	(11,762)	(11,762)
Interest paid	–	(2,161)	(2,161)
At the end of the reporting period	–	46,360	46,360
2025			
At the beginning of the reporting period	–	46,360	46,360
Addition	–	1,074	1,074
Distributions declared	2,100	–	2,100
Finance costs	–	1,910	1,910
Exchange adjustments	–	1,939	1,939
Cash outflow in financing activities:			
Distributions paid to holders of perpetual convertible securities	(2,100)	–	(2,100)
Repayment of lease liabilities	–	(10,323)	(10,323)
Interest paid	–	(1,910)	(1,910)
At the end of the reporting period	–	39,050	39,050

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

33. CAPITAL COMMITMENTS

As at 31 December 2025, the Group had capital commitment relating to the investment in an equity security of approximately HK\$16,689,000 (2024: HK\$15,918,000).

34. RELATED PARTY TRANSACTIONS

Other than disclosed elsewhere in the consolidated financial statements (including notes 18, 21, 25 and 29), the Group had the following material transactions with related parties during the year:

Relationships	Nature of transactions	Notes	2025 HK\$'000	2024 HK\$'000
Key management personnel remuneration	Salaries, bonus, allowances and other short-term benefits		1,924	4,398
	Contributions to defined contribution plans		34	81
			1,958	4,479
Related company controlled by Mr. Shi	Property management services income (excluding value added tax)	(i)	2,026	4,936
	Commercial properties and merchants management services income (excluding value added tax)	(i)	20,173	34,352
	Rental expenses included in selling, general and administrative expenses	(ii)	3,006	2,563
Non-controlling shareholders of subsidiaries	Consideration received in relation to disposal of a subsidiary		-	2,268
	Consideration paid in relation to acquisition of remaining equity interest of a subsidiary	(iii)	2,876	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

34. RELATED PARTY TRANSACTIONS (*continued*)

Notes:

- (i) These transactions constitute continuing connected transactions under the Listing Rules, further details of which are set out in the “Report of the directors” of this annual report.
- (ii) These transactions constitute exempted continuing connected transactions under the Listing Rules.
- (iii) On 26 August 2025, a subsidiary of the Company acquired the remaining 49% equity interest in Hong Kong Orient Victory China Cultural & Tourism Industrial Development Limited (“HKOVCC”) (the “Acquisition”). Prior to the Acquisition, the Group held 51% equity interest in HKOVCC, which was accounted for as an indirectly owned subsidiary of the Company. The Acquisition was completed for cash consideration of HK\$2,876,000. Upon completion, HKOVCC became an indirectly wholly owned subsidiary of the Company.

	HK\$'000
Net consideration paid to non-controlling interests	(2,876)
Carrying amount of non-controlling interests acquired	5,204
Difference recognised directly in equity	(2,328)

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Categories of financial instruments

	2025 HK\$'000	2024 HK\$'000
Financial assets at amortised cost		
Trade receivables	174,334	158,467
Contract assets	27,935	16,854
Other receivables	14,268	42,731
Cash and cash equivalents	120,041	86,350
	336,578	304,402
Financial liabilities at amortised cost		
Trade payables	28,885	32,570
Other payables (excluding receipt in advance, other tax payables and employment benefits payables)	36,925	39,296
Lease liabilities	39,050	46,360
	104,860	118,226

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (*continued*)

Categories of financial instruments (*continued*)

The Group's principal financial instruments comprise trade receivables, trade payables and cash and cash equivalents. The main purpose of these financial instruments is to raise and maintain finance for the Group's operations. The Group has lease liabilities and various other financial instruments such as other receivables, other payables and lease liabilities which arise directly from its business activities.

The main risks arising from the Group's financial instruments are credit risk and liquidity risk.

The directors of the Company generally adopt conservative strategies on its risk management and limit the Group's exposure to these risks to a minimum level. The directors of the Company review and agree policies for managing each risk as summarised below and they manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(a) Credit risk

The carrying amount of financial assets recognised on the consolidated statement of financial position, which is net of impairment losses, represents the Group's exposure to credit risk without taking into account the value of any collateral held or other credit enhancements.

The Group reviews the recoverable amount of each individual financial assets and rental receivables at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (*continued*)

(a) Credit risk (*continued*)

Trade receivables and contract assets

The Group has a credit policy in place and exposures to credit risks are monitored on an ongoing basis. In order to minimise credit risk, the management of the Group has established credit limits, credit approvals and other monitoring procedures to ensure appropriate actions are taken to recover overdue debts.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry and country in which customers operate also has an influence on credit risk but to a lesser extent. Credit quality of a customer is assessed based on an extensive credit rating and individual credit limit assessment which is mainly based on the Group's own trading records. For trade receivables from property management segment to third parties, 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.

As at the end of the reporting period, the Group had a concentration of credit risk as 63% (2024: 43%) and 90% (2024: 76%) of the total trade receivables were made up by the Group's largest outstanding balance and the five largest outstanding balances respectively.

The Group's customer base consists of a wide range of clients and the trade receivables are categorised by common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The contract assets have substantially the same risk characteristics as the trade receivables for the same type of contracts. The Group has therefore concluded that the loss rates for trade receivables are a reasonable approximation of the loss rates for contract assets. The Group applies a simplified approach in calculating ECL for trade receivables and contract assets and recognises a loss allowance based on lifetime ECL at each reporting date and has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The expected loss rate used in the provision matrix is calculated for each category based on actual credit loss experience over the past two years and adjusted for current and forward-looking factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's estimate on future economic conditions over the expected lives of the receivables. There was no change in the estimation techniques or significant assumptions made during the year.

The information about the exposure to credit risk and ECL for trade and rental receivables using a provision matrix as at 31 December 2025 and 2024 are summarised below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(a) Credit risk *(continued)*

Trade receivables and contract assets (continued)

As at 31 December 2025

Ageing by due date	Expected loss rate %	Gross carrying amount HK\$'000	Loss allowances HK\$'000	Credit- impaired	Net carrying amount HK\$'000
Past due:					
– Related parties*	24.89%	40,067	(9,971)	No	30,096
– within 3 months	2.52%	37,424	(944)	No	36,480
– more than 3 months but less than 6 months	3.14%	28,911	(909)	No	28,002
– more than 6 months but less than 12 months	3.03%	50,944	(1,545)	No	49,399
– over 1 year	10.15%	33,785	(3,428)	Yes	30,357
		191,131	(16,797)		174,334

As at 31 December 2024

Ageing by due date	Expected loss rate %	Gross carrying amount HK\$'000	Loss allowances HK\$'000	Credit- impaired	Net carrying amount HK\$'000
Past due:					
– within 3 months	0.45%	62,024	(277)	No	61,747
– more than 3 months but less than 6 months	1.45%	35,021	(507)	No	34,514
– more than 6 months but less than 12 months	1.11%	49,978	(553)	No	49,425
– over 1 year	44.15%	22,884	(10,103)	Yes	12,781
		169,907	(11,440)		158,467

The Group does not hold any collateral over trade receivables at the end of the reporting period (2024: HK\$ nil).

* Trade receivable due from related companies controlled by Mr. Shi to the extent of HK\$24,000,000 (net of ECL) is secured by an offset arrangement. The Group does not hold any other collateral over trade receivables at the end of the reporting period (2024: HK\$ nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(a) Credit risk *(continued)*

Trade receivables and contract assets (continued)

The Group recognised loss allowance of HK\$4,690,000 (2024:HK\$1,814,000) on the trade receivables during the year. The movement in the loss allowance for trade receivables during the year is summarised below.

	2025 HK\$'000	2024 HK\$'000
At the beginning of the reporting period	11,440	10,175
Increase in allowance	4,690	1,814
Exchange realignment	667	(549)
At the end of the reporting period	16,797	11,440

The information about the exposure to credit risk and ECL for contract assets using a provision matrix as at 31 December 2025 are summarised below.

As at 31 December 2025

	Expected loss rate	Gross carrying amount HK\$'000	Loss allowances HK\$'000	Credit- impaired	Net carrying amount HK\$'000
Business segment of environmental hygiene	0.05%	27,950	(15)	No	27,935

As at 31 December 2024

	Expected loss rate	Gross carrying amount HK\$'000	Loss allowances HK\$'000	Credit- impaired	Net carrying amount HK\$'000
Business segment of environmental hygiene	0.04%	16,860	(6)	No	16,854

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For the year ended 31 December 2025

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(a) Credit risk *(continued)*

Trade receivables and contract assets (continued)

The Group recognised loss allowance of HK\$9,000 (2024: reversal of provision for loss allowance of HK\$1,049,000) on contract assets during the year. The movement in the loss allowance for contract assets during the year is summarised below.

	2025 HK\$'000	2024 HK\$'000
At the beginning of the reporting period	6	1,069
Increase (Decrease) in allowance	9	(1,049)
Exchange realignment	-	(14)
At the end of the reporting period	15	6

Amount due from an associate

In estimating the ECL and in determining whether there is a significant increase in credit risk since initial recognition and whether the financial asset is credit-impaired, the Group has categorised the counterparties by common risk characteristics that are representative of the counterparties' financial abilities to repaid by reference to, among others, their management or audited accounts and available press information, adjusted for forward-looking factors that are specific to the debtors and general economic conditions of the industry in which the counterparties operate, in estimating the probability of default of these financial assets, as well as the loss upon default in each case.

The intermediate holding company of Dakun Zhifang controlled by Mr. Shi, has also confirmed in writing its intention to provide financial support to the associate in the next 12 months to the extent that is necessary to allow it to continue its business. In addition, the amount due from an associate is secured by investment properties of HK\$113,930,000 (2024: HK\$112,596,000) and land held for future development for sale of HK\$95,086,000 (2024: HK\$90,697,000) held by Dakun Zhifang.

After considering the above factors, the management assess that amount due from an associate have not had a significant increase in credit risk and 12-month ECL will be recognised. The management of the Group considers the 12-month ECL of amount due from an associate to be insignificant, so no loss allowance was recognised during the year.

Other receivables

In estimating the ECL and in determining whether there is a significant increase in credit risk since initial recognition and whether the financial asset is credit-impaired, the Group has categorised the counterparties by common risk characteristics that are representative of the counterparties' financial abilities to repaid by reference to, among others, their management audited accounts and available press information, adjusted for forward-looking factors that are specific to the debtors and general economic conditions of the industry in which the counterparties operate, in estimating the probability of default of these financial assets, as well as the loss upon default in each case. There was no change in the estimation techniques or significant assumptions made during the year.

After considering the above factors, the management assess that all of the other receivables have not had a significant increase in credit risk and 12-month ECL will be recognised. The management of the Group considers the 12-month ECL of other receivables to be insignificant, so no loss allowance was recognised during the year. At the end of the reporting period, the Group recognised for bad debt of other receivables of HK\$Nil (2024: HK\$136,000) during the year.

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For the year ended 31 December 2025

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (*continued*)

(a) Credit risk (*continued*)

Cash and cash equivalents

The credit risk on cash and cash equivalents and amounts is limited because majority of the counterparties are financial institutions with high credit-ratings assigned by international credit-rating agencies and state-owned banks with good reputation. No loss allowance was recognised for both years.

(b) Liquidity risk

Individual operating units within the Group are responsible for their own cash management. To minimise liquidity risks, management of the Group regularly reviews the current and expected liquidity requirements of operating units to ensure they maintain sufficient reserves of cash to meet operational needs so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities to meet their liquidity requirements in the short and longer terms.

The maturity profile of the financial liabilities and lease liabilities at the end of the reporting period based on contractual undiscounted payments is summarised below.

	On demand or within 1 year HK\$'000	More than 1 year but less than 2 years HK\$'000	More than 2 years but less than 5 years HK\$'000	More than 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Total carrying value HK\$'000
At 31 December 2025						
Trade payables	28,885	-	-	-	28,885	28,885
Other payables	36,925	-	-	-	36,925	36,925
Lease liabilities	12,091	10,049	13,916	10,859	46,915	39,050
	77,901	10,049	13,916	10,859	112,725	104,860

	On demand or within 1 year HK\$'000	More than 1 year but less than 2 years HK\$'000	More than 2 years but less than 5 years HK\$'000	More than 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Total carrying value HK\$'000
At 31 December 2024						
Trade payables	32,570	-	-	-	32,570	32,570
Other payables	39,296	-	-	-	39,296	39,296
Lease liabilities	11,869	11,027	21,485	11,376	55,757	46,360
	83,735	11,027	21,485	11,376	127,623	118,226

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36. FAIR VALUE MEASUREMENTS

The following presents the assets and liabilities measured at fair value or required to disclose their fair value in the consolidated financial statements on a recurring basis across the three levels of the fair value hierarchy defined in HKFRS 13, “Fair Value Measurement” with the fair value measurement categorised in its entirety based on the lowest level input that is significant to the entire measurement. The levels of inputs are defined as follows:

- Level 1 (highest level): quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3 (lowest level): unobservable inputs for the asset or liability.

Assets measured at fair value

	2025			
	Total HK\$'000	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000
Investment properties	67,012	–	–	67,012
Financial assets at FVTPL	5,563	–	–	5,563
	72,575	–	–	72,575

	2024			
	Total HK\$'000	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000
Investment properties	75,984	–	–	75,984

During the years ended 31 December 2025 and 2024, there were no transfer between Level 1 and Level 2 fair value measurement, and no transfer into and out of Level 3 fair value measurements.

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36. FAIR VALUE MEASUREMENTS (*continued*)

Assets measured at fair value (*continued*)

The details of the movements of the fair value measurements categorised as Level 3 of the fair value hierarchy during the years ended 31 December 2025 and 2024 are as follows:

Movements in Level 3 fair value measurements

	2025 HK\$'000	2024 HK\$'000
At the beginning of the reporting period	75,984	74,783
Additions	12,602	8,628
Fair value change in profit or loss	(19,472)	(4,891)
Exchange adjustments	3,461	(2,536)
At the end of the reporting period	72,575	75,984

Quantitative information of the significant unobservable inputs and description of valuation techniques used in Level 3 fair value measurement

The quantitative information of the significant unobservable input and description of valuation techniques used in Level 3 fair value measurement, including the description of the sensitivity to changes in unobservable inputs for recurring Level 3 fair value measurements, are as follows:

Description	Fair value	Valuation techniques	Unobservable input	Range (weighted average, if applicable)	Sensitivity of fair value to changes in unobservable inputs
Commercial premises for leasing to tenants - Chinese Mainland	2025: HK\$67,012,000	Investment approach	Capitalisation rates	8.0% (2024: 9.5%)	The higher the capitalisation rate, the lower the market value
	(2024: HK\$75,984,000)		Prevailing market rents	Properties unit per sq.m. per month: RMB14 - RMB200 (2024: RMB14 to RMB235)	The higher the unit rent, the higher the market value
				Carpark unit per space per month: RMB190 to RMB500 (2024: RMB190 to RMB500)	

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36. FAIR VALUE MEASUREMENTS *(continued)*

Assets measured at fair value *(continued)*

Quantitative information of the significant unobservable inputs and description of valuation techniques used in Level 3 fair value measurement (continued)

Description	Fair value	Valuation techniques	Unobservable input	Range (weighted average, if applicable)	Sensitivity of fair value to changes in unobservable inputs
Financial assets at FVTPL	2025: HK\$5,563,000 (2024: HK\$nil)	Market-based approach	Discount of lack of marketability	41.4% (2024: n/a)	The higher the discount of lack of marketability, the lower the market value
			Probability of start up failure	75% (2024: n/a)	The higher the probability of start up failure, the lower the market value
			Price to sales ratio	14.35 (2024: n/a)	The higher the price to sales ratio, the higher the market value
			Enterprise value to sales ratio	14.31 (2024: n/a)	The higher the enterprise value to sales ratio, the higher the market value

Valuation processes of the Group

The fair values of assets and liabilities that are not traded in an active market are determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows and net asset value, are used to determine fair value for other assets and liabilities.

The carrying value less impairment provision of trade, rental and other receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

37. CAPITAL MANAGEMENT

The objectives of the Group's capital management are to safeguard its ability to continue as a going concern and to provide returns for shareholders. The Group manages its capital structure to maintain a balance between liquidity, investment and borrowings, and makes adjustments, including payment of dividends to shareholders or issues new shares in the light of changes in the economic environment. No changes were made in the Group's objectives, policies or processes in managing capital during the years ended 31 December 2025 and 2024.

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38. RETIREMENT BENEFITS SCHEMES

The employees of the PRC subsidiaries are members of the state-managed retirement benefits scheme operated by the PRC government. The PRC subsidiaries are required to contribute 1% to 16% (2024: 1% to 16%) of basic salaries of the employees to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme is to make the required contributions under the scheme.

39. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	Notes	2025 HK\$'000	2024 HK\$'000
Non-current assets			
Property, plant and equipment, including right-of-use assets		200	350
Investments in subsidiaries	17	-	-
		200	350
Current assets			
Prepayments, deposits and other receivables		1,172	595
Amount due from immediate holding company		483	483
Amounts due from subsidiaries		406,170	400,783
Amounts due from a related party		8	8
Cash and cash equivalents		3,552	14,089
		411,385	415,958
Current liabilities			
Other payables		6,094	7,041
Amounts due to subsidiaries		101,545	99,518
		107,639	106,559
Net current assets		303,746	309,399
Net assets		303,946	309,749
Capital and reserves			
Share capital	28	64,610	64,610
Perpetual convertible securities	29	55,668	55,668
Reserves	39(a)	103,668	109,471
Perpetual bonds	31	80,000	80,000
Total equity		303,946	309,749

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39. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(continued)*

(a) Movements of the reserves

	Share capital HK\$'000	Share premium HK\$'000	Perpetual convertible securities HK\$'000	Accumulated losses HK\$'000	Perpetual bonds HK\$'000	Total HK\$'000
At 1 January 2024	64,610	636,071	296,274	(452,195)	-	544,760
Loss and total comprehensive loss for the year	-	-	-	(14,733)	-	(14,733)
Transactions with owners:						
<i>Contribution and distributions</i>						
Distributions to holders of perpetual convertible securities	-	-	-	(35,782)	-	(35,782)
Equity-settled share-based transactions	-	73	-	-	-	73
Redemption of perpetual convertible securities	-	-	(240,606)	(23,963)	-	(264,569)
Issuance of perpetual bonds	-	-	-	-	80,000	80,000
	-	73	(240,606)	(59,745)	80,000	(220,278)
At 31 December 2024	64,610	636,144	55,668	(526,673)	80,000	309,749
At 1 January 2025	64,610	636,144	55,668	(526,673)	80,000	309,749
Loss and total comprehensive loss for the year	-	-	-	(3,703)	-	(3,703)
Transactions with owners:						
<i>Contribution and distributions</i>						
Distributions to holders of perpetual convertible securities	-	-	-	(2,100)	-	(2,100)
At 31 December 2025	64,610	636,144	55,668	(532,476)	80,000	303,946

PARTICULARS OF PROPERTIES

Location	Approximate gross floor area (square meter)	Existing use	Lease term between the Group and the property owner	Attributable interest of the Group
Leasehold interests included in investment properties as right-of-use assets leased from property owners to earn rentals:				
Level 1 to Level 9 and Basement Level 1, Block 31, Fengshou Duhui, no. 325 of Jianshebeidajie, Changan District, Shijiazhuang City, Hebei Province, the PRC* (中國河北省石家莊市長安區建設北大街325號豐收都會31號樓1至9層及地下一層)	22,224.60	Commercial	20 years ending on 1 March 2030	100%
Units 4 to 5 on Level 1 to Level 3 and a portion of Unit 8 on Level 2 to Level 3, Block 2, Changan Huayuan, no. 80 of Jianshebeidajie, Changan District, Shijiazhuang City, Hebei Province, the PRC* (中國河北省石家莊市長安區建設北大街80號長安花苑2號樓1至3層4至5號單位及2至3層8號部分單位)	1,958.00	Commercial	20 years ending on 6 August 2028	100%
Unit 6 on Level 1 to Level 3 and a portion of Unit 8 on Level 1, Block 2, Changan Huayuan, no. 80 of Jianshebeidajie, Changan District, Shijiazhuang City, Hebei Province, the PRC* (中國河北省石家莊市長安區建設北大街80號長安花苑2號樓1至3層6號單位及1層8號部分單位)	1,967.00	Commercial	20 years ending on 6 August 2028	100%
Various retail units on Basement Level 1, Level 1 and Mezzanine Level, Xiangqingyuan, no. 69 of Huaian East Road, Qiaoxi District, Shijiazhuang City, Hebei Province, the PRC* (中國河北省石家莊市橋西區槐安東路69號香晴苑負一層、一層及夾層多個零售單位)	5,063.99	Commercial	20 years ending on 28 February 2041	100%
673 Carparking Spaces of Basement Level 1 and Basement Level 2 of South Portion of Dongsheng Plaza, no. 508 of Zhongshan East Road, Changan District, Shijiazhuang City, Hebei Province, the PRC (中國河北省石家莊市長安區中山東路508號東勝廣場南廣場地下一層及地下二層機車停車場共673個車位)	35,300.00	Commercial	3 years ending on 28 February 2027	100%

PARTICULARS OF PROPERTIES

Location	Approximate gross floor area (square meter)	Existing use	Lease term between the Group and the property owner	Attributable interest of the Group
42 Retail Units on Level 1, Level 2 and Level 3, Ziyu Commercial Building (Also known as Gongyuanfang), no. 157 of Yuhua West Road, Qiaoxi District, Shijiazhuang City, Hebei Province, the PRC (中國河北省石家莊市橋西區裕華西路157號紫裕商務樓(又名為公元坊)之1至3層42個商業單位)	3,128.28	Commercial	3 years ending on 30 September 2027	100%
83 Carparking Spaces of Basement Level 1 of Ziyu Commercial Building (Also known as Gongyuanfang), no. 157 of Yuhua West Road, Qiaoxi District, Shijiazhuang City, Hebei Province, The PRC (中國河北省石家莊市橋西區裕華西路157號紫裕商務樓(又名為公元坊)之地下一層83個車位)	3,390.94	Commercial	3 years ending on 31 January 2027	100%

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

FIVE YEARS FINANCIAL SUMMARY

31 December 2025
(Expressed in HK\$)

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five years, as extracted from the published audited financial statements is set out below:

RESULTS

For the year ended 31 December

	2025 HK\$'000	2024 HK\$'000	2023 HK\$'000 (restated)	2022 HK\$'000 (restated)	2021 HK\$'000 (restated)
Continuing operations:					
Revenue	339,103	345,912	342,371	226,967	128,352
Profit/(loss) before taxation	23,914	53,046	41,723	24,980	(18,222)
Income tax	(2,383)	(4,168)	(3,754)	(3,223)	(5,669)
Profit/(loss) for the year	21,531	48,878	37,969	21,757	(23,891)
Discontinued operations:					
Profit for the year	-	-	-	6,158	3,157
Profit/(loss) for the year	21,531	48,878	37,969	27,915	(20,734)
Attributable to:					
Equity holders of the Company					
Continuing operations	22,774	49,114	33,499	23,661	(14,626)
Discontinued operations	-	-	-	6,158	4,218
	22,774	49,114	33,499	29,819	(10,408)
Non-controlling interests					
Continuing operations	(1,243)	(236)	4,470	(1,904)	(9,265)
Discontinued operations	-	-	-	-	(1,061)
	(1,243)	(236)	4,470	(1,904)	(10,326)
Profit/(loss) for the year	21,531	48,878	37,969	27,915	(20,734)

ASSETS AND LIABILITIES

As at 31 December

	2025 HK\$'000	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
Total assets	649,534	630,643	814,736	811,820	892,419
Total liabilities	183,800	(197,092)	(192,600)	(205,537)	(246,425)
Net assets	465,734	433,551	622,136	606,283	645,994
Attributable to:					
Equity holders of the Company	365,340	327,540	594,815	589,156	623,374
Perpetual bonds	80,000	80,000	-	-	-
Non-controlling interests	20,394	26,011	27,321	17,127	22,620
Total equity	465,734	433,551	622,136	606,283	645,994