

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

(formerly known as Orient Victory Smart Urban Services Holding Limited)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 265)



**2024**  
INTERIM REPORT

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# CORPORATE INFORMATION

## Honorary Chairman

Mr. Shi Baodong

## Board of Directors

### Executive Directors

Mr. Mo Yueming (*Chairman*)

Ms. Hao Ying

Mr. Xue Fei

### Independent Non-executive Directors

Mr. He Qi

Mr. Swei Feng-jih

Mr. Lin Hua Rong, Harry

## Audit Committee

Mr. Swei Feng-jih (*Chairman*)

Mr. He Qi

Mr. Lin Hua Rong, Harry

## Remuneration Committee

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

Mr. Mo Yueming

Mr. Swei Feng-jih

## Nomination Committee

Mr. Mo Yueming (*Chairman*)

Mr. He Qi

Mr. Swei Feng-jih

## Company Secretary

Ms. Lee On Wing

## Independent Auditors

Forvis Mazars CPA Limited

Certified Public Accountants and

Registered Public Interest Entity Auditor

42/F Central Plaza

18 Harbour Road

Wanchai

Hong Kong

## CORPORATE INFORMATION

### Principal Bankers

China Merchants Bank Co., Limited  
Industrial and Commercial Bank of China (Asia) Limited

### Registered Office

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

### Principal Place of Business in Hong Kong

Room B03, 29/F  
Tower 1 Admiralty Centre  
18 Harcourt Road  
Admiralty  
Hong Kong

### Share Registrar and Transfer Office in Hong Kong

Union Registrars Limited  
Suites 3301-04, 33/F  
Two Chinachem Exchange Square  
338 King's Road  
North Point  
Hong Kong

### Stock Code

265

### Company's Website

[www.gycsfw.com.cn](http://www.gycsfw.com.cn)

## MANAGEMENT DISCUSSION AND ANALYSIS

The board (the “Board”) of directors (the “Director(s)”) of Gangyu Smart Urban Services Holding Limited (formerly known as Orient Victory Smart Urban Services Holding Limited) (the “Company”, together with its subsidiaries the “Group”) is pleased to present the unaudited condensed consolidated results of the Group for the six months ended 30 June 2024 (the “Period”), together with comparative figures for the corresponding period in 2023 (the “Corresponding Period”).

### Industry Overview and Business Review

By adhering to the corporate core values of “People-Oriented And Sincere Services” (「以人為本，服務至誠」), the Group is committed to prioritising customer satisfaction and trust. By improving service quality and enhancing property management service and environmental hygiene service more efficiently, the Group aims to create excellent value for the shareholders of the Company (“Shareholders”), customers, and other stakeholders while upholding unwavering standards of legality and ethics.

The Group significantly emphasises the “Hold On To And Secure The Present Advantage” (「持盈保泰」) strategy. The Group maintained sustained profitability by adopting a prudent investment and development strategy.

During the Period and the Corresponding Period, the Group was principally engaged in the property management and leasing services businesses for residential and commercial properties, the environmental hygiene businesses, the integrated development businesses, and the diversified tourism products and services businesses.

Set out below is the industry outlook and performance review for each of the Group’s principal businesses during the Period.

### Property Management Businesses

National policies continued to promote the sound development of the property management industry. In the Two Sessions (全國兩會), which were held in March 2023, it was explained that property management should be better integrated into community governance to identify and resolve the problems of the mass population more effectively. The meeting also emphasised the importance of promoting high-quality development, which resonated with the previously promulgated Notice on Strengthening and Improving Residential Property Management (Jianfanggui (2020) 10th Document)\* (關於加強和改進住宅物業管理工作的通知(建房規(2020)10號)) issued by ten government authorities, including the Ministry of Housing and Urban-Rural Development of the PRC (中華人民共和國住房和城鄉建設部) to improve the quality and diversity of property management services and aligned with the general direction of the “14th Five-Year Plan” that required the quality development of the residential services industries, comprehensive promotion of rural revitalisation, consolidation of achievements in poverty alleviation, improvement in the urban governance level, improvement in community management and service mechanisms, construction of a green policy development system.

## MANAGEMENT DISCUSSION AND ANALYSIS

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

Name of Awards	Awarding Institutions
2023 Companies in terms of Brand Influential on Property Management Services in China* (二零二三中國物業服務品牌影響力企業)	China Real Estate News* (中國房地產報社) and China Urban and Regional Governance Research Centre* (中國城市與區域治理研究院)
2023 Leading Companies in Property Management Industry in Hebei Province* (二零二三年度河北省物業管理行業先進單位)	Hebei Property Management Institute* (河北省物業管理行業協會)
2023 Famous Provincial Capital Brand on Property Management in Shijiazhuang City* (二零二三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)
2023 Shijiazhuang Property Management Provincial Capital Famous Brand* (二零二三年度石家莊物業管理省會知名品牌)	Shijiazhuang City Property Management Association* (石家莊市物業管理協會)
2024 China’s Property Business Services Hundred Enterprises (二零二四中國物業企業服務力百強企業)	Cric (Shanghai) Information Technology Co., Limited (上海克而瑞資訊技術有限公司) and Beijing Zhongwu Research Association Information Technology Co., Ltd (北京中物研協資訊科技有限公司)
2024 Service Residential Benchmark Project* (二零二四年度服務力住宅標桿項目)	Cric (Shanghai) Information Technology Co., Limited (上海克而瑞資訊技術有限公司) and Beijing Zhongwu Research Association Information Technology Co., Ltd (北京中物研協資訊科技有限公司)
2024 Service Public Construction Benchmark Project* (二零二四年度服務力公建標桿項目)	Cric (Shanghai) Information Technology Co., Limited (上海克而瑞資訊技術有限公司) and Beijing Zhongwu Research Association Information Technology Co., Ltd (北京中物研協資訊科技有限公司)
Provincial tourist and leisure district in 2023* (二零二三年省旅遊休閒街區)	Hebei Provincial Department of Culture and Tourism* (河北省文化與旅遊廳)

## MANAGEMENT DISCUSSION AND ANALYSIS

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

Simultaneously, Gangyu PMS Group worked towards maintaining its operational scale. Through competitive bidding, Gangyu PMS Group achieved success by securing five new projects, primarily in Shijiazhuang City, Hebei Province, China. This accomplishment highlights their competitive edge in the industry. However, the expiration of six service contracts resulted in a decrease of 4.4 million square meters in the total contracted gross floor area during the Period.

As at 30 June 2024, Gangyu PMS Group had a total contracted gross floor area of approximately 7.4 million square meters (31 December 2023: approximately 11.8 million square meters) under its management. One of the contracts expired on 1 April 2024 and the contract gross floor area of that contract was approximately 3.6 million square meters and it generated revenue of approximately HK\$0.3 million during the Period.

With the Group's effort in developing its property management businesses, during the Period, the Group recorded revenue from property management businesses, including property management services and rental income, of approximately HK\$98.6 million (Corresponding Period: approximately HK\$84.9 million), representing an increase of approximately 16.1%.

### Environmental Hygiene Businesses

In 2023 and 2024, the Chinese government implemented various policies and measures to support the environmental hygiene industry, including promoting the investment and construction of urban and rural environmental protection infrastructures, intensifying efforts on reforming government procurement services in key areas such as urban and rural community public services and public health services, speeding up the improvement of garbage collection and treatment system to facilitate the construction of smart garbage sorting facilities. The Group continued to upgrade its environmental hygiene service portfolio to meet customers' needs by incorporating advanced cleaning technologies and adopting more efficient and sustainable practices. The Group continued providing comprehensive cleaning, maintenance, and waste management solutions.

Concurrently, the Chinese government also stringently implemented the Environmental Hygiene Action Plan, including strengthening supervision and inspection and feedback on the implementation of rectification of problems. With a focus on meeting customers' needs and incorporating advanced practices, the industry was experiencing growth and contributing to enhancing public hygiene and cleanliness. It is worth noting that the Chinese government has recently introduced national standards for urban and rural sanitation and cleaning services. These standards aim to regulate the industry further, improve service quality, and increase pollution emissions standards. For example, in Cangzhou City, waste incineration facilities are now only permitted for vehicles that meet the National VI emission standards to enter the waste incineration area to reduce air pollution. The Company eventually invested in acquiring environmentally friendly vehicles in the second half of 2023. Stricter industry standards and heightened environmental regulations have compelled companies to upgrade their environmental hygiene business vehicles. Besides, advance equipments and machineries could save the man-power with a view to lowering the staff costs which would benefit the Group.

## MANAGEMENT DISCUSSION AND ANALYSIS

In September 2023, the Group won a bid on a new environmental hygiene services project in Hebei Province, China. This project operated at full capacity throughout the Period, substantially increasing the Group's revenue from its environmental hygiene services segment. However, this revenue growth was fully offset by the expiration of another environmental hygiene services project of the Group in Hebei Province, China, on 3 April 2024. In addition, the Group's inability to meet the customers' stringent service standards resulted in the customers lowering the Group's contracted revenue as a penalty. During the Period, the Group recorded revenue of approximately HK\$65.2 million from its environmental hygiene services business (Corresponding Period: approximately HK\$80.1 million). The Group has lowered fuel consumption and operational costs through improved personnel optimization, outsourcing some tasks to subcontractor to process, cost-saving measures, which made a significant improvement in gross profit margins in the environmental hygiene service business during the Period.

The Group encountered challenges in collecting customer service fees during the Period, which was delayed due to the ongoing economic situation in the PRC, which had yet to recover fully. The prolonged collection cycle of accounts receivables, particularly from government sector customers, had significantly affected the Group's cash flow. It, in turn, hindered the Group's ability to expand the business or improve operational efficiency. However, in 2024, the Hebei provincial government held a dedicated urban management meeting, where it mandated all local city, county, and district governments to prioritize and ensure timely payment of fees for key environmental hygiene services, including garbage collection, transfer, treatment, and wastewater treatment. The government policy was welcomed by the Group, as it could speed up the recovery of long-overdue payments owed to its environmental hygiene businesses. This initiative is designed to alleviate the financial burdens and cash flow challenges of the Group, although it may require some time before the benefits of this policy become apparent.

Despite the advantageous factor, the Group remained hesitant to invest further in expanding its environmental hygiene services business. Adopting a cautious approach, the Group opted to wait until the economic situation improved before pursuing any substantial expansion in the environmental hygiene sector.

Environmental hygiene companies are anticipated to encounter even more significant obstacles in maintaining their profit margins due to the escalating industry standards and compliance requirements. To navigate these challenges successfully, the Group intends to uphold its range of services, strengthen customer relationships, implement innovative mechanization strategies, and expand its current customer base at a suitable opportunity time to ensure consistent revenue growth. Additionally, the Group aims to enhance operational efficiency, optimise work processes, and reduce administrative and operational costs in the coming years.

The Group will continue to implement the following measures, including but not limited to:

1. Conducting regular and timely maintenance of mechanical equipment to ensure optimal performance and reduce repair costs;
2. Increasing mechanization through combined operations to improve efficiency and replace manual operations;
3. Implementing regular safety training programs for employees, emphasising the importance of safety protocols and minimising the occurrence of accidents; and
4. Implementing strict controls on the loss of operational tools and production materials to manage material consumption costs effectively.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Integrated Development Businesses

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

#### *Tourism attractions-related income*

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.

Tu Men Travel recorded a revenue of approximately HK\$3.9 million for the Period (Corresponding Period: approximately HK\$4.8 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 Period.

Tu Men Travel has implemented an event planning strategy involving all staff actively participating in performances at the tourist attractions. This strategy attracts customer traffic while reducing operating costs by eliminating the need to hire external performance staff.

The Group also engaged in the development of tourism-related facilities in the PRC. During the Period, a piece of land located at Lot No. 2018-48, Dongtumen Village, Bailuquanxiang, Luquan District, Shijiazhuang City, Hebei Province, the PRC, with an aggregate area of 14,637 square meters, was under planning stage and was recognised as inventories in the Group's condensed consolidated financial statements as at 30 June 2024 in the carrying amount of approximately HK\$14.9 million (31 December 2023: approximately HK\$15.1 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 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 30 June 2024, the receivable balance from the government authority amounted to RMB5.0 million (31 December 2023: RMB10.0 million), which is expected to be received by the Group on or before December 2024.

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

#### *Marketing, event planning and consulting services*

Due to the shift in sales and marketing strategy of Orient Victory Property Development Group Limited\* (東勝房地產開發集團有限公司) and its subsidiaries, which were the major customers for the marketing, event planning and consulting services, since 2023, the demand for marketing, event planning, and consulting services from the Group experienced a substantial decline. As a result, the Group did not recognise any revenue from the provision of these services during the Period.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Diversified Tourism Products and Services Businesses

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

As the Group focused on other businesses, such as property management and environmental hygiene, no revenue in this segment was recorded by the Group during the Period and the Corresponding Period. Given the recent resumption of outbound travel, 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.

### Future Outlook

The Group is dedicated to providing exceptional services that improve customer quality of life while enhancing overall profitability.

Given the intense competition and stringent regulations in the PRC, particularly within the property management and environmental hygiene sectors, the Group has embraced a proactive strategy and comprehensive plan to tackle market challenges, monitor market dynamics, and respond to the changes in government policies. The Group will continue to adjust its market strategy. It is expected to swiftly meet government policies, eventually enhancing service quality, business growth, and customer stability.

A key component of the Group's strategy is diversifying its income by acquiring commercial properties for leasing. This strategic move ensures a dependable and consistent revenue stream for the Group.

To safeguard the stability of the revenue stream and foster sustainable growth, the Group prioritized selecting high-quality projects. It retained customers with a timely payment history, particularly in the property management and environmental hygiene sectors.

The Group plans to expand its business through organic growth, pursuing new projects through tenders, strategic acquisitions, and partnerships. This expansion strategy aligns with the Group's light asset investment model, prioritising projects with minimal capital requirements and working capital requirements. This approach minimizes liquidity risks and affords more flexibility in investment management.

In terms of expansion, the Group is actively seeking acquisition opportunities, specifically targeting the property management, tourism, and environmental hygiene services sectors. The Group also explores potential collaborations with target customers. The Group intends to provide leasing management, event management, and hospital logistics services through a profit-sharing arrangement with the target customers. The Group will also approach potential customers with good performance and explore opportunities to acquire the controlling stakes to enhance its investment portfolio and drive returns.

The Group's core objectives revolve around prioritising long-term growth, mitigating risks through a light asset investment model, and expanding its global presence through strategic acquisitions and property leasing. By implementing these strategies, the Group aims to fortify its financial position, diversify its portfolio, and benefit its stakeholders substantially.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial Analysis

#### Operating Performance

Analysis by nature of revenue:

	For the six months ended 30 June			
	2024 (unaudited)		2023 (unaudited)	
	HK\$'000	%	HK\$'000	%
<b>Property management businesses:</b>				
Property management and leasing related services	98,564	58.8	84,855	50.0
<b>Environmental hygiene businesses:</b>				
Environmental hygiene services	65,249	38.9	80,068	47.2
<b>Integrated development businesses:</b>				
Tourism attractions related income	3,928	2.3	4,775	2.8
<b>Total</b>	<b>167,741</b>	<b>100.0</b>	<b>169,698</b>	<b>100.0</b>

The Group recorded revenue of approximately HK\$167.7 million (Corresponding Period: approximately HK\$169.7 million) for the Period, representing a decrease of approximately 1.2% as compared to the corresponding period of last year.

Despite the decrease in revenue of the Group during the Period, there was an increase in revenue from property management businesses, which was mainly attributable to the increased revenue stream from the planning, promotion and operation management services since November 2023. Furthermore, the Group undertook five new construction projects for public facilities in the second half of 2023, with the resulting income being fully accounted for during the Period. Details of the business performance of the property management businesses are set out in the section headed “Property Management Businesses” under “Industry Overview and Business Review” in “Management Discussion and Analysis”.

The decrease in revenue from the environmental hygiene business during the Period was due to the expiration of one service project and customers’ deductions of service fees as the Group failed to meet customers’ rigorous service satisfaction standards compared to the Corresponding Period. Further details of environmental hygiene business performance are set out in the section headed “Environmental Hygiene Businesses” under “Industry Overview and Business Review” in “Management Discussion and Analysis”.

The decline in revenue from the Group’s integrated development businesses was mainly due to the adverse weather conditions and keen competition from nearby villagers’ autonomous businesses during the Period. Further details of the business performance of integrated development businesses are set out in the section headed “Integrated Development Businesses” under “Industry Overview and Business Review” in “Management Discussion and Analysis”.

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

## MANAGEMENT DISCUSSION AND ANALYSIS

### Gross profit and gross profit margin

The Group recorded a gross profit of approximately HK\$47.2 million (Corresponding Period: approximately HK\$47.2 million) for the Period. Although the Group's overall gross profit for the Period remained stable compared to the Corresponding Period, the property management business's gross profit significantly decreased, offset by the increased gross profit from the environmental hygiene business. The gross profit margin increased by approximately 0.3 percentage points from approximately 27.8% for the Corresponding Period to approximately 28.1% for the Period.

The property management businesses recorded a decrease in gross profit by approximately HK\$3.3 million from approximately HK\$28.9 million for the Corresponding Period to approximately HK\$25.6 million for the Period. The Group also recorded a significant decrease in gross profit margin by approximately 8.1 percentage points from approximately 34.1% for the Corresponding Period to approximately 26.0% for the Period. The decrease in gross profit and the gross profit margin in the property management businesses was attributable to the competitive bidding price on new projects, primarily in the public facilities projects, and the increase in direct labour costs, approximately HK\$2.8 million for the property management businesses.

The environmental hygiene businesses recorded an increase in gross profit by approximately HK\$4.0 million from approximately HK\$14.1 million for the Corresponding Period to approximately HK\$18.1 million for the Period. The Group also recorded a significant increase in gross profit margin by approximately 10.1 percentage points from approximately 17.6% for the Corresponding Period to approximately 27.7% for the Period. The increases in gross profit and gross profit margin in the environmental hygiene businesses was primarily due to the reduction of staff costs of approximately HK\$3.5 million.

The integrated development business recorded a decrease in gross profit by approximately HK\$0.7 million from approximately HK\$4.2 million for the Corresponding Period to approximately HK\$3.5 million for the Period. The Group also recorded a slight increase in gross profit margin by approximately 0.8 percentage points from approximately 88.9% for the Corresponding Period to approximately 89.7% for the Period. The decline in gross profit was primarily resulted from unfavorable weather conditions, high vacancy rates in the shopping arcade, increased competition from nearby villagers' autonomous businesses, and a need for distinct and competitive offerings from certain merchants in Tu Men Travel. However, the efficient utilization of resources in Tu Men Travel improved the gross profit margin within the integrated development businesses during the Period.

### Profit for the Period

Profit for the Period amounted to approximately HK\$23.8 million (Corresponding Period: approximately HK\$20.6 million). Except for the factors mentioned above that impacted the Group's profit for the Period, the increase in profits for the Period was attributable to (i) the decrease in net loss allowance on trade receivables and contract assets of approximately HK\$6.0 million; and (ii) an effective cost control measures to reduce the selling, general and administrative expenses, contributed to the rebound in profit of the Group for the Period, despite that, unlike in 2023, no gain on disposal was recorded for the Period.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Assets Structure

As at 30 June 2024 and 31 December 2023, the Group's assets mainly included property, plant and equipment and right-of-use assets, investment properties, investments in an associate, inventories, trade receivables, contract assets, prepayments, deposits and other receivables, amount due from an associate, time deposits with original maturity over three months, and cash and cash equivalents, details of which are set out below:

- i. Property, plant and equipment, and right-of-use assets of approximately HK\$150.6 million (31 December 2023: approximately HK\$161.3 million) as at 30 June 2024, 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\$105.5 million (31 December 2023: approximately HK\$110.0 million); and (ii) vehicles and other equipment of the Group's environmental hygiene businesses in the net carrying amount of approximately HK\$37.8 million (31 December 2023: approximately HK\$45.9 million), which were mainly acquired to cope with the Group's environmental hygiene operating projects. During the Period, the Group invested approximately HK\$3.9 million in acquiring necessary vehicles and equipment to maintain its operations effectively.
- ii. Investment properties of approximately HK\$67.4 million (31 December 2023: approximately HK\$74.8 million) as at 30 June 2024 represented fair values of the right-of-use assets of non-residential properties located in Shijiazhuang City and Xingtai City, Hebei Province, the PRC leased by the Group from property owners to earn rentals.
- iii. Investments in an associate of approximately HK\$24.4 million (31 December 2023: approximately HK\$25.1 million) as at 30 June 2024 represented the Group's 40% equity interest in Zhangjiakou Dakun Zhifang Real Estate Development Co., Limited\* (張家口大坤直方房地產開發有限公司) ("Dakun Zhifang"). Dakun Zhifang owns a piece of land located at Wanlong Road, Huangtuzui Village, Xiwanzi Town, Chongli District, Zhangjiakou City, Hebei Province, the PRC with an aggregate area of 79,039 square meters, which was under the preliminary development stage (the "Development Project") with "Certificate of Permitting Construction and Engineering Planning\*" ("建設工程規劃許可證") obtained in September 2021, and was recognised as investment properties and inventories in the books of Dakun Zhifang as at 30 June 2024 in the carrying amounts of approximately HK\$118.3 million and approximately HK\$91.4 million respectively (31 December 2023: approximately HK\$121.4 million and approximately HK\$93.5 million respectively).

In response to the economic uncertainties stemming from the COVID-19 pandemic, which have led to subdued private investment, declining consumer confidence, and high youth unemployment rates in recent years, the Group temporarily suspended the Dakun Zhifang 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 30 June 2024, the Group's amount due from Dakun Zhifang to the Company (the "Advances", which were made when Dakun Zhifang was a subsidiary of the Company) was approximately HK\$62.2 million (31 December 2023: approximately HK\$63.8 million) which was a non-interest-bearing demand loan.

- iv. Inventories of approximately HK\$15.0 million (31 December 2023: approximately HK\$15.3 million) as at 30 June 2024 mainly represented the carrying amount of a piece of land in Shijiazhuang City, Hebei Province, the PRC with an aggregate area of 14,637 square meters under the planning stage of approximately HK\$14.9 million (31 December 2023: approximately HK\$15.1 million).

## MANAGEMENT DISCUSSION AND ANALYSIS

- v. Trade receivables of approximately HK\$92.7 million (31 December 2023: approximately HK\$90.4 million) as at 30 June 2024 were derived from (i) the property management segment of approximately HK\$51.3 million (31 December 2023: approximately HK\$42.8 million), (ii) the environmental hygiene segment of approximately HK\$39.1 million (31 December 2023: approximately HK\$44.5 million), and (iii) the marketing, event planning and consulting services under the integrated development segment of approximately HK\$2.3 million (31 December 2023: approximately HK\$3.1 million). The slight increase in the trade receivables balance of the Group was primarily a result of specific customers in the environmental hygiene and property management sectors delaying their payments due to their cash flow challenges.
- vi. Contract assets of approximately HK\$59.8 million (31 December 2023: approximately HK\$41.8 million) as at 30 June 2024 are trade receivables that still need to be invoiced, specifically from customers who were government authorities in the environmental hygiene business as they maintain stringent procedures to validate the work performed by the Group. Upon customer confirmation of the service quality and completion of the service provided by the Group, invoices will be issued to these customers. Subsequently, these invoiced receivables will be classified as trade receivables.
- vii. Prepayments, deposits and other receivables, amounts due from related companies and amount due from an associate of approximately HK\$116.4 million (31 December 2023: approximately HK\$131.1 million) as at 30 June 2024 mainly represented (i) receivables of approximately HK\$5.4 million (31 December 2023: approximately HK\$11.0 million) for the return of the piece of land in Shijiazhuang City, Hebei Province, the PRC (“Receivables from the Expropriation of Shijiazhuang Land”) with an aggregate area of approximately 21,647 square meters as detailed in the section headed “Integrated Development Businesses” under “Industry Overview and Business Review” in “Management Discussion and Analysis”; (ii) consideration paid for the acquisition of 47 commercial units of Zijingyuehe Centre with an estimated aggregate gross floor area of approximately 2,563 square meters 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\$24.5 million (31 December 2023: approximately HK\$25.1 million), which was classified as a non-current asset as at 30 June 2024; and (iii) the Advances of approximately HK\$62.2 million (31 December 2023: approximately HK\$63.8 million). Throughout the Period, the decrease in balance was mainly due to receiving (i) RMB5.0 million (equivalent to approximately HK\$5.4 million) for the return of the Receivables from the Expropriation of Shijiazhuang Land, (ii) approximately HK\$1.3 million for the consideration from the disposal of the subsidiary which was completed in 2023, and (iii) RMB6.0 million (equivalent to approximately HK\$6.5 million) for the refund of a deposit from a customer.
- viii. Time deposits with original maturity over three months and cash and cash equivalents were approximately HK\$258.9 million (31 December 2023: approximately HK\$272.2 million) as at 30 June 2024. The slight decrease was mainly attributable to the combined effect of (i) the payment for the acquisition of vehicles and equipment of approximately HK\$3.9 million in the Period and (ii) the distributions paid to the holders of perpetual convertible securities of approximately HK\$24.2 million during the Period. However, the decrease was narrowed by the receipt of (i) approximately HK\$5.4 million from the Receivables from the Expropriation of Shijiazhuang Land, (ii) approximately HK\$1.3 million for the consideration from the disposal of the subsidiary, which was completed in 2023, and (iii) approximately HK\$6.5 million for the refund of a deposit from a customer.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Liabilities Structure

As at 30 June 2024 and 31 December 2023, the Group's liabilities mainly included trade payables, contract liabilities, other payables and lease liabilities, details of which are set out below:

- i. Trade payables and contract liabilities of approximately HK\$55.1 million (31 December 2023: approximately HK\$56.9 million) as at 30 June 2024 mainly derived from (i) the property management segment of approximately HK\$35.8 million (31 December 2023: approximately HK\$34.5 million), (ii) the environmental hygiene segment of approximately HK\$13.1 million (31 December 2023: approximately HK\$13.7 million), and (iii) the marketing, event planning and consulting services under the integrated development segment of approximately HK\$4.7 million (31 December 2023: approximately HK\$6.5 million). The decrease in these trade payables and contract liabilities was primarily due to the scale-down of the environmental hygiene segment and the marketing, event planning and consulting services under the integrated development segment throughout the Period.
- ii. Other payables of approximately HK\$64.8 million (31 December 2023: approximately HK\$65.6 million) as at 30 June 2024 mainly consisted of (i) other payables of the property management businesses of approximately HK\$27.9 million (31 December 2023: approximately HK\$17.0 million), which mainly comprised receipts in advance and deposits received from customers of approximately HK\$16.5 million (31 December 2023: approximately HK\$12.6 million) and accrued salaries and retirement contributions of approximately HK\$2.6 million (31 December 2023: approximately HK\$0.4 million), (ii) other payables of the environment hygiene business of approximately HK\$20.1 million (31 December 2023: approximately HK\$29.4 million), which mainly comprised the receipts in advance from customers of approximately HK\$3.7 million (31 December 2023: approximately HK\$2.7 million) and accrued salaries and retirement contributions of approximately HK\$13.7 million (31 December 2023: approximately HK\$22.0 million), (iii) consideration payable regarding the acquisition of Tu Men Travel of approximately HK\$6.6 million (31 December 2023: approximately HK\$6.7 million), and (iv) land and construction costs payable of approximately HK\$1.7 million (31 December 2023: approximately HK\$2.3 million).
- iii. Lease liabilities of approximately HK\$43.4 million (31 December 2023: approximately HK\$49.2 million) as at 30 June 2024 were mainly comprised of (i) lease liabilities of the right-of-use assets of approximately HK\$41.6 million (31 December 2023: approximately HK\$46.5 million) of non-residential properties located in Shijiazhuang City and Xingtai 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\$1.8 million (31 December 2023: approximately HK\$2.7 million) under the environmental hygiene segment.

### Liquidity and Financial Resources

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

As at 30 June 2024, the Group had a current ratio (calculated by dividing current assets by the current liabilities) of approximately 3.8 (31 December 2023: approximately 3.8).

As the Group had no bank and other borrowings as at 30 June 2024 and 31 December 2023, gearing ratio (calculated by dividing net debt (defined as bank and other borrowings net of cash and cash equivalents) by total equity) was not applicable to the Group as at 30 June 2024 and 31 December 2023.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Foreign Exchange Exposure

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

### Capital Commitment

As at 30 June 2024, the Group had capital commitment relating to the investment in an equity security of approximately HK\$16.0 million (31 December 2023: approximately HK\$16.5 million).

### Material Acquisition, Investments and Disposal

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

### Pledge of Assets

As at 30 June 2024 and 31 December 2023, none of the Group's assets were pledged.

### Material Contingent Liabilities

As at 30 June 2024 and 31 December 2023, the Group had no material contingent liabilities.

### Number and Remuneration of Employees

As at 30 June 2024, the total number of employees of the Group was approximately 2,100 (30 June 2023: approximately 2,200). Staff costs (including Directors' emoluments) of approximately HK\$48.4 million (Corresponding Period: approximately HK\$50.2 million) were incurred during the Period.

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

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



## MANAGEMENT DISCUSSION AND ANALYSIS

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

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

### Interim Dividend

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

### Event after the Reporting Period

Subsequent to the passing of the special resolution at the annual general meeting of the Company held on 28 June 2024, the Certificate of Incorporation on Change of Name of the Company was issued by the Registrar of the Companies in the Cayman Islands on 10 July 2024, and the Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company was issued by the Registrar of Companies in Hong Kong on 1 August 2024 certifying that the English name of the Company has been changed from “Orient Victory Smart Urban Services Holding Limited” to “Gangyu Smart Urban Services Holding Limited” and the Chinese name of the Company has been changed from “東勝智慧城市服務控股有限公司” to “港譽智慧城市服務控股有限公司”, both with effect from 10 July 2024.

For details, please refer to the announcements of the Company dated 16 May 2024, 28 June 2024 and 14 August 2024 and the circular of the Company dated 21 May 2024.

Save as disclosed herein, the Directors are not aware of any material event of the Group that has taken place subsequent to 30 June 2024 and up to the date of this interim report.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

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

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

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

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

1. Mr. Shi Baodong ("Mr. Shi") retired as the chairman of the Board, an executive Director and the chief executive officer of the Company and ceased to be 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") on 28 June 2024. Mr. Shi has been appointed as the honorary chairman of the Board and a senior consultant, both with effect from 28 June 2024. Mr. Shi is entitled to an annual consultancy fee of HK\$2,200,000.
2. Mr. Zhao Huining retired as an executive Director on 28 June 2024.
3. Mr. Dong Xiaojie retired as an independent non-executive Director and ceased to be the chairman of the Remuneration Committee on 28 June 2024.
4. Ms. Chang Meiqi retired as a non-executive Director and ceased to be a member of the audit committee of the Company ("Audit Committee") on 28 June 2024.
5. Mr. Mo Yueming ("Mr. Mo") has been appointed as the chairman of the Board, the chairman of the Nomination Committee, and a member of the Remuneration Committee with effect from 28 June 2024. Mr. Mo is entitled to a director's fee of HK\$300,000 per annum.
6. Each of Ms. Hao Ying and Mr. Xue Fei has been appointed as an executive Director with effect from 28 June 2024.
7. Mr. Lin Hau Rong, Harry has been appointed as an independent non-executive Director, the chairman of the Remuneration Committee and a member of the Audit Committee, all with effect from 28 June 2024.

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

## CORPORATE GOVERNANCE AND OTHER INFORMATION

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

As at 30 June 2024, the interests and short positions of the Directors and chief executive of the Company in the ordinary shares (the "Shares"), underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance, Chapter 571 of the laws of Hong Kong (the "SFO")) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including long and short positions which were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered into the register maintained by the Company; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 (Formerly Appendix 10) of the Listing Rules were as follows:

Name of Director	Capacity	Number of Shares/ underlying shares of the Company held	Approximate percentage of shareholding in the Company <sup>(Note)</sup>
Mr. Xue Fei	Beneficiary owner	900,000	0.01%

Note:

The approximate percentage was calculated based on 12,922,075,516 Shares in issue as at 30 June 2024.

Save as disclosed above, as at 30 June 2024, none of the Directors or chief executive of the Company has or is deemed to have any long or short position in the Shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including long and short positions which were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered into the register maintained by the Company; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

### Director's Rights to Acquire Shares or Debentures

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

## CORPORATE GOVERNANCE AND OTHER INFORMATION

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

As at 30 June 2024, to the best knowledge of the Directors, the following entities (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying shares of the Company which fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of Shareholder	Capacity	Number of Shares/ underlying shares of the Company held	Approximate percentage of shareholding in the Company <small>(Note 4)</small>
Orient Victory Real Estate Group Holdings Limited (東勝置業集團控股有限公司) (“OVRE”) <small>(Note 1)</small>	Beneficial owner	10,085,983,816	78.05%
Outstanding Global Holdings Limited (“OGH”) <small>(Note 2)</small>	Person having security interests in shares and perpetual convertible securities of the Company	6,507,039,225	50.36%
Chance Talent Management Limited (“CTM”) <small>(Note 3)</small>	Person having security interests in shares and perpetual convertible securities of the Company	6,630,044,868	51.31%

Notes:

- OVRE is wholly-owned by Mr. Shi. The interests include the holding of (i) 7,894,494,880 Shares; (ii) perpetual convertible securities issued in March 2016 (the “2016 March PCS”) convertible into 128,771,155 Shares; and (iii) the perpetual convertible securities issued in October 2016 (the “2016 October PCS”) convertible into 2,062,717,781 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 6,507,039,225 shares of the Company, in aggregate, comprise security interests in (i) 6,501,273,713 Shares pledged by OVRE; and (ii) the 2016 October PCS (convertible into 5,765,512 Shares) pledged by OVRE.
- CTM is a limited liability business company incorporated under the laws of the British Virgin Islands and an indirectly wholly-owned special purpose vehicle of CCB International (Holdings) Limited. CCB International (Holdings) Limited is an investment services flagship that is indirectly wholly-owned by China Construction Bank Corporation, a joint-stock company incorporated in the PRC with limited liability and listed on the Main Board of the Stock Exchange (stock code: 0939) and the Shanghai Stock Exchange (stock code: 601939). The 6,630,044,868 Shares, in the aggregate, comprise security interests in (i) 6,501,273,713 Shares pledged by OVRE; and (ii) the 2016 March PCS (convertible into 128,771,155 Shares) pledged by OVRE.
- The approximate percentage was calculated based on 12,922,075,516 Shares in issue as at 30 June 2024.

Save as disclosed above, as at 30 June 2024, the Directors and the chief executive of the Company are not aware of any other person or corporation having an interest or short positions in the Shares or underlying shares of the Company which would require disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### Corporate Governance Code

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

Under code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and not be performed by the same individual. Despite the responsibilities of the former chairman and former chief executive officer of the Company vested in Mr. Shi Baodong during the period from 1 January 2024 to 28 June 2024, all major decisions are made in consultation with the Board. The Board considers that there is a sufficient balance of power, and the current corporate arrangement maintains a strong management position of the Company.

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

### Model Code for Securities Transactions by Directors

The Company has adopted the Model Code as set out in Appendix C3 (formerly Appendix 10) of the Listing Rules as its own code of conduct for dealings in securities of the Company by the Directors. Specific enquiries have been made with all the Directors, who have confirmed that they complied with the required standards as set out in the Model Code throughout the Period.

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

### Audit Committee and Review of Interim Results

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

### Significant Changes in Constitutional Documents

On 16 May 2024, the Board proposed to adopt a new memorandum and articles of association of the Company (the “M&A”) in order to, among other things, (i) bringing the M&A in line with the latest regulatory requirements in relation to the expanded paperless listing regime and the mandatory electronic dissemination of corporate communications by listed issuers and the relevant amendments made to the Listing Rules which took effect on 31 December 2023; and (ii) incorporating certain consequential and housekeeping amendments. Details of the amendments are set out in the circular of the Company dated 21 May 2024. The new amended and restated M&A were adopted by a special resolution passed at the annual general meeting of the Company held on 28 June 2024. An up-to-date version of the amended and restated M&A (i.e. the Third Amended and Restated M&A) is available on the respective websites of the Stock Exchange and the Company.

Saved as disclosed above, no other changes were made to the constitutional documents of the Company during the Period.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### Appreciation

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

By Order of the Board  
**Gangyu Smart Urban Services Holding Limited**

**Mo Yueming**  
*Chairman and Executive Director*  
*Hong Kong, 23 August 2024*

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2024  
(expressed in Hong Kong dollars ("HK\$"))

	Notes	For the six months ended 30 June	
		2024 (unaudited) HK\$'000	2023 (unaudited) HK\$'000
<b>Revenue</b>	3	167,741	169,698
Cost of sales and services		(120,555)	(122,459)
<b>Gross profit</b>		47,186	47,239
Other income		3,563	2,398
Selling, general and administrative expenses		(22,835)	(34,262)
Share of results of an associate		(52)	(71)
Fair value changes on investment properties		(5,572)	(4,568)
Gain on disposal of interest in a subsidiary		-	9,198
Finance costs	4	(848)	(1,439)
<b>Profit before taxation</b>	5	21,442	18,495
Income tax	6	2,390	2,141
<b>Profit for the period</b>		23,832	20,636
<b>Profit (loss) for the period attributable to:</b>			
Equity holders of the Company		24,017	18,159
Non-controlling interests		(185)	2,477
		23,832	20,636
Basic and diluted earnings per share		HK0.08 cent	HK0.10 cent

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024  
(expressed in HK\$)

	For the six months ended 30 June	
	2024 (unaudited) HK\$'000	2023 (unaudited) HK\$'000
<b>Profit for the period</b>	<b>23,832</b>	<b>20,636</b>
<b>Other comprehensive loss</b>		
<i>Items that are reclassified or may be reclassified subsequently to profit or loss:</i>		
- Exchange differences on translation of foreign operations	(13,583)	(22,852)
- Exchange difference on translation of share of other comprehensive income of an associate	(647)	(1,192)
	<b>(14,230)</b>	<b>(24,044)</b>
<b>Total comprehensive income (loss) for the period</b>	<b>9,602</b>	<b>(3,408)</b>
<b>Attributable to:</b>		
- Equity holders of the Company	<b>10,256</b>	(5,207)
- Non-controlling interests	<b>(654)</b>	1,799
<b>Total comprehensive income (loss) for the period</b>	<b>9,602</b>	<b>(3,408)</b>



## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024  
(expressed in HK\$)

	Notes	30 June 2024 (unaudited) HK\$'000	31 December 2023 (audited) HK\$'000
<b>Non-current assets</b>			
Goodwill		–	–
Property, plant and equipment	8	126,911	136,179
Investment properties		67,355	74,783
Right-of-use assets		23,680	25,142
Intangible assets		66	157
Investments in an associate		24,356	25,055
Prepayments, deposits and other receivables		24,461	26,200
Deferred tax assets		4,342	2,650
		<b>271,171</b>	<b>290,166</b>
<b>Current assets</b>			
Inventories		15,029	15,330
Trade receivables	9	92,745	90,362
Contract assets		59,825	41,826
Amount due from an associate		62,172	63,802
Amounts due from related companies		595	–
Prepayments, deposits and other receivables		29,138	41,093
Time deposits with original maturity over three months		28,809	70,784
Cash and cash equivalents		230,108	201,373
		<b>518,421</b>	<b>524,570</b>
<b>Current liabilities</b>			
Trade payables	10	32,211	30,071
Contract liabilities		22,866	26,820
Other payables		64,842	65,616
Tax payable		9,960	9,460
Lease liabilities		7,106	7,933
		<b>136,985</b>	<b>139,900</b>
<b>Net current assets</b>		<b>381,436</b>	<b>384,670</b>
<b>Total assets less current liabilities</b>		<b>652,607</b>	<b>674,836</b>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024  
(expressed in HK\$)

	Note	30 June 2024 (unaudited) HK\$'000	31 December 2023 (audited) HK\$'000
<b>Non-current liabilities</b>			
Lease liabilities		36,310	41,284
Deferred tax liabilities		9,086	11,416
		45,396	52,700
<b>NET ASSETS</b>		<b>607,211</b>	<b>622,136</b>
<b>Capital and reserves</b>			
Share capital	11	64,610	64,610
Perpetual convertible securities		296,274	296,274
Reserves		220,133	233,931
Equity attributable to equity holders of the Company		581,017	594,815
Non-controlling interests		26,194	27,321
<b>TOTAL EQUITY</b>		<b>607,211</b>	<b>622,136</b>

Approved and authorised for issue by the board of directors on 23 August 2024.

**Mo Yueming**  
*Chairman*

**Hao Ying**  
*Executive Director*

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024  
(expressed in HK\$)

	Attributable to equity owners of the Company								Total equity (unaudited) HK\$'000
	Share capital (unaudited) HK\$'000	Share premium (unaudited) HK\$'000	Perpetual convertible securities (unaudited) HK\$'000	Exchange reserve (unaudited) HK\$'000	Other reserve (unaudited) HK\$'000	Accumulated losses (unaudited) HK\$'000	Non-controlling interests		
							Total (unaudited) HK\$'000	(unaudited) HK\$'000	
<b>At 1 January 2023</b>	64,610	635,756	296,274	(22,032)	(2,760)	(382,692)	589,156	17,127	606,283
Profit for the period	-	-	-	-	-	18,159	18,159	2,477	20,636
Other comprehensive loss	-	-	-	(23,366)	-	-	(23,366)	(678)	(24,044)
Total comprehensive income (loss) for the period	-	-	-	(23,366)	-	18,159	(5,207)	1,799	(3,408)
<b>Transactions with owners:</b>									
<i>Contribution and distribution</i>									
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	(844)	(844)
Equity-settled share-based transactions	-	109	-	-	-	-	109	-	109
	-	109	-	-	-	-	109	(844)	(735)
<i>Changes in ownership interests</i>									
Disposal of a subsidiary	-	-	-	-	-	-	-	6,963	6,963
	-	109	-	-	-	-	109	6,119	6,228
<b>At 30 June 2023</b>	64,610	635,865	296,274	(45,398)	(2,760)	(364,533)	584,058	25,045	609,103

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024  
(expressed in HK\$)

	Attributable to equity owners of the Company										
	Share capital (unaudited) HK\$'000	Share premium (unaudited) HK\$'000	Perpetual				Accumulated losses (unaudited) HK\$'000	Total (unaudited) HK\$'000	Non- controlling interests (unaudited) HK\$'000	Total equity (unaudited) HK\$'000	
			convertible securities (unaudited) HK\$'000	Exchange reserve (unaudited) HK\$'000	Other reserve (unaudited) HK\$'000						
<b>At 1 January 2024</b>	64,610	636,071	296,274	(40,150)	(2,760)	(359,230)	594,815	27,321	622,136		
Profit (Loss) for the period	-	-	-	-	-	24,017	24,017	(185)	23,832		
Other comprehensive loss	-	-	-	(13,761)	-	-	(13,761)	(469)	(14,230)		
Total comprehensive income (loss) for the period	-	-	-	(13,761)	-	24,017	10,256	(654)	9,602		
<b>Transactions with owners:</b>											
<i>Contribution and distribution</i>											
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	(473)	(473)		
Distributions to holders of perpetual convertible securities	-	-	-	-	-	(24,213)	(24,213)	-	(24,213)		
Equity-settled share-based transactions	-	159	-	-	-	-	159	-	159		
	-	159	-	-	-	(24,213)	(24,054)	(473)	(24,527)		
<b>At 30 June 2024</b>	64,610	636,230	296,274	(53,911)	(2,760)	(359,426)	581,017	26,194	607,211		

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2024  
(expressed in HK\$)

	For the six months ended 30 June	
	2024 (unaudited) HK\$'000	2023 (unaudited) HK\$'000
Net cash generated from (used in) operating activities	60,989	(50)
Net cash used in investing activities	(3,898)	(820)
Net cash used in financing activities	(30,162)	(4,412)
Net increase (decrease) in cash and cash equivalents	26,929	(5,282)
Cash and cash equivalents at 1 January	201,373	205,857
Effect of foreign exchange rate changes	1,806	(13,924)
Cash and cash equivalents at 30 June	230,108	186,651

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024  
(expressed in HK\$ unless otherwise indicated)

## 1. Corporate information

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

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

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

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

## 2. Basis of preparation

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

The Interim Financial Statements have been prepared under the historical cost basis, except for investment properties which are measured at fair values. The Interim Financial Statements should be read in conjunction with the Group’s consolidated financial statements for the year ended 31 December 2023 (the “2023 Annual Financial Statements”). The accounting policies adopted in the Interim Financial Statements are consistent with those applied in the preparation of the 2023 Annual Financial Statements, except for the adoption of the new/revised Hong Kong Financial Reporting Standards (“HKFRSs”), which are relevant to the Group’s operation and are effective for the Group’s financial year beginning on 1 January 2024 as described below.

Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current</i>
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants</i>
Amendments to HK Interpretation 5	<i>Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause</i>
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>
Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i>

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

The Group has not early adopted any new/revised HKFRSs that have been issued but are not yet effective for the financial period beginning on 1 January 2024.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024  
(expressed in HK\$ unless otherwise indicated)

### 3. Revenue and segment reporting

#### (a) Revenue

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

	For the six months ended 30 June	
	2024	2023
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
<b>Revenue from contracts with customers within HKFRS 15 – At fixed price:</b>		
Property management services	85,260	72,007
Environmental hygiene services	65,249	80,068
Tourism attractions related income	3,928	4,775
	154,437	156,850
<b>Revenue from other sources:</b>		
Rental income	13,304	12,848
	167,741	169,698

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

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024  
(expressed in HK\$ unless otherwise indicated)

### 3. Revenue and segment reporting (*continued*)

#### (b) Segment reporting

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

The Group's operating divisions are as follows:

Reportable segments:

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

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

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

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

Disaggregation of revenue from contracts with customers by the timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the Period and the six months ended 30 June 2023 is set out below.



## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024  
(expressed in HK\$ unless otherwise indicated)

### 3. Revenue and segment reporting (continued)

#### (b) Segment reporting (continued)

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

(i) By business segment

##### Segment results

	For the six months ended 30 June									
	Property management		Environment hygiene		Integrated development		Diversified tourism products and services		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Disaggregated by timing of revenue recognition:										
- Over time	85,260	72,007	65,249	80,068	3,928	4,775	-	-	154,437	156,850
Rental income	13,304	12,848	-	-	-	-	-	-	13,304	12,848
Reportable segment revenue	98,564	84,855	65,249	80,068	3,928	4,775	-	-	167,741	169,698
Segment results	8,287	14,507	15,925	7,588	(905)	(6,016)	(155)	9,081	23,152	25,160
Corporate and other unallocated income and expenses, net									(862)	(5,226)
Finance costs									(848)	(1,439)
<b>Profit before taxation</b>									<b>21,442</b>	<b>18,495</b>

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024  
(expressed in HK\$ unless otherwise indicated)

### 3. Revenue and segment reporting (*continued*)

#### (b) Segment reporting (*continued*)

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

##### (i) By business segment (*continued*)

##### Segment assets and liabilities

	Property management		Environment hygiene		Integrated development		Diversified tourism products and services		Total	
	30 June	31 December	30 June	31 December	30 June	31 December	30 June	31 December	30 June	31 December
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	(unaudited)	(audited)	(unaudited)	(audited)	(unaudited)	(audited)	(unaudited)	(audited)	(unaudited)	(audited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Segment assets</b>	165,905	158,415	145,385	149,598	215,429	228,532	1,218	4,005	527,937	540,550
Corporate and other unallocated assets									261,655	274,186
<b>Total assets</b>									789,592	814,736
<b>Segment liabilities</b>	120,609	114,406	35,035	47,033	24,664	27,210	564	936	180,872	189,585
Corporate and other unallocated liabilities									1,509	3,015
<b>Total liabilities</b>									182,381	192,600

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024  
(expressed in HK\$ unless otherwise indicated)

### 3. Revenue and segment reporting (continued)

#### (b) Segment reporting (continued)

##### (ii) Geographical information

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

	Revenue from external customers		Non-current assets	
	For the six months ended 30 June		30 June	31 December
	2024 (unaudited) HK\$'000	2023 (unaudited) HK\$'000	2024 (unaudited) HK\$'000	2023 (audited) HK\$'000
Hong Kong	-	-	1,252	1,460
Mainland China	167,741	169,698	241,221	261,001
	167,741	169,698	242,473	262,461

##### (iii) Information about major customers

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

	For the six months ended 30 June	
	2024	2023
	(unaudited) HK\$'000	(unaudited) HK\$'000
Customer A (Note)	19,369	22,562
Customer B	29,196	-

Note: It represents the revenue from related companies controlled by Mr. Shi and Orient Victory Property Development Group Co., Ltd, which is 95%-own company by Mr. Shi, under the property management segment (six months ended 30 June 2023: property management segment).

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024  
(expressed in HK\$ unless otherwise indicated)

### 4. Finance costs

	For the six months ended 30 June	
	2024	2023
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Interest on lease liabilities	848	1,312
Interest on other borrowings	-	127
	848	1,439

### 5. Profit before taxation

This is stated after charging (crediting):

	For the six months ended 30 June	
	2024	2023
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
<b>Staff costs, including Directors' emoluments:</b>		
Wages, salaries and other benefits	44,391	45,684
Contribution to defined contribution scheme	3,858	4,416
Equity-settled share-based payment expenses	159	109
	48,408	50,209
<b>Other items:</b>		
Amortisation of intangible assets included in selling, general and administrative expenses	8	23
Depreciation included in costs of services and selling, general and administrative expenses (as appropriate)		
- property, plant and equipment	9,402	11,848
- right-of-use assets	961	970
Cost of inventories sold	119	203
Direct operating expenses arising from investment properties that generated rental income	2,789	1,835
Loss allowance (reversal of loss allowance)		
- trade receivables	4,568	9,581
- contract assets	(1,032)	-
Exchange gain, net	(1,868)	(539)

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024  
(expressed in HK\$ unless otherwise indicated)

### 6. Taxation

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

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

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

	For the six months ended 30 June	
	2024 (unaudited) HK\$'000	2023 (unaudited) HK\$'000
<b>Current tax – EIT</b>		
Current period	2,206	1,419
<b>Deferred tax</b>		
Reversal of tax losses and temporary differences	(4,596)	(3,560)
	<b>(2,390)</b>	<b>(2,141)</b>

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024  
(expressed in HK\$ unless otherwise indicated)

### 7. Earnings per share

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

	For the six months ended 30 June	
	2024 (unaudited) HK\$'000	2023 (unaudited) HK\$'000
Profit attributable to the equity holders of the Company	24,017	18,159
Distributions paid to the holders of perpetual convertible securities	(11,613)	–
Accrued distributions to the holders of perpetual convertible securities	(2,100)	(5,054)
	10,304	13,105

	For the six months ended 30 June	
	2024 Number of shares (unaudited) '000	2023 Number of shares (unaudited) '000
Weighted average number of ordinary shares for the purposes of calculating basic earnings per Share	12,922,075	12,922,075

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

### 8. Property, plant and equipment

The carrying amounts of machinery and equipment of HK\$3,872,000 (31 December 2023: HK\$4,236,000) are in respect of assets held under leases as at 30 June 2024.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024  
(expressed in HK\$ unless otherwise indicated)

### 9. Trade receivables

	30 June 2024 (unaudited) HK\$'000	31 December 2023 (audited) HK\$'000
Trade receivables		
– From third parties	57,328	55,450
– From related companies in which Mr. Shi, a former Director, has beneficial interest	49,855	45,087
	107,183	100,537
Loss allowance	(14,438)	(10,175)
	92,745	90,362

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

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

	30 June 2024 (unaudited) HK\$'000	31 December 2023 (audited) HK\$'000
Within 90 days	28,111	38,492
91 to 180 days	34,880	23,077
181 to 365 days	24,369	23,237
Over 365 days	5,385	5,556
	92,745	90,362

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024  
(expressed in HK\$ unless otherwise indicated)

### 10. Trade payables

	30 June 2024 (unaudited) HK\$'000	31 December 2023 (audited) HK\$'000
Trade payables		
– To third parties	29,352	29,892
– To related parties	2,859	179
	<b>32,211</b>	<b>30,071</b>

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

	30 June 2024 (unaudited) HK\$'000	31 December 2023 (audited) HK\$'000
Within 90 days	14,554	13,495
91 to 180 days	2,491	2,515
181 to 365 days	4,276	3,173
Over 365 days	10,890	10,888
	<b>32,211</b>	<b>30,071</b>

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

### 11. Share capital

	30 June 2024		31 December 2023	
	(unaudited) '000	(unaudited) HK\$'000	(audited) '000	(audited) HK\$'000
<b>Authorised:</b>				
At the beginning and the end of the reporting period, ordinary Shares of HK\$0.005 each	20,000,000	100,000	20,000,000	100,000
<b>Issued and fully paid:</b>				
At the beginning and the end of the reporting period, ordinary Shares of HK\$0.005 each	12,922,075	64,610	12,922,075	64,610



## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024  
(expressed in HK\$ unless otherwise indicated)

### 12. Interim dividend

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

### 13. Perpetual convertible securities

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

On 24 October 2016, the Company issued perpetual convertible securities in an aggregate principal amount of HK\$264,867,000 (the “2016 October PCS”, together with the 2016 March PCS, the “PCS”). The amount of HK\$240,888,000 were recorded as equity.

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

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

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

On 8 March 2023, the Company announced to cancel the distribution to holders of the 2016 October PCS, which was originally scheduled to be made on 24 April 2023 at the distribution rate of 6% per annum. In respect of the distributions in the second half of 2023 and the first half of 2024, on 24 October 2023 and 24 April 2024, the Company paid out distributions of HK\$7,937,000 and HK\$7,937,000 to the holders respectively.

At 30 June 2024 and 31 December 2023, there were 2,066,942,901 units of the 2016 October PCS in an aggregate principal amount of HK\$264,569,000 outstanding.

On 20 May 2019, 183,958,793 units of the 2016 March PCS have been redeemed by the Company at the total amount of HK\$100,000,000. At 30 June 2024 and 31 December 2023, there were 128,771,155 units of the 2016 March PCS in an aggregate principal amount of HK\$70,000,000 outstanding.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024  
(expressed in HK\$ unless otherwise indicated)

### 13. Perpetual convertible securities (*continued*)

In respect of the accumulated distributions of HK\$16,800,000 to the holder of 2016 March PCS which were originally scheduled to be made on 30 September 2019, 30 March 2020, 30 September 2020, 30 March 2021, 30 September 2021, 30 March 2022, 30 September 2022, 30 March 2023 and 30 March 2024 at the distribution rate of 6% per annum, pursuant to the board resolution dated on 8 March 2024, the accumulated distributions of 2016 March PCS of HK\$12,600,000 and its additional distribution of HK\$3,676,000, totally amounted to HK\$16,276,000 (inclusive of additional charges), originally scheduled to be made on 30 September 2019, 30 March 2020, 30 September 2020, 30 March 2021, 30 September 2021 and 30 March 2022 was paid on 24 April 2024. The remaining unpaid distributions of 2016 March PCS and its additional distribution might be made in future.

In respect of the distribution made on 30 September 2023 to holders of the 2016 March PCS, the Company paid out distribution of HK\$2,100,000 to the holders on 30 September 2023.

At 30 June 2024, the accumulated deferred distribution amounted to HK\$6,300,000 (31 December 2023: HK\$16,800,000).

### 14. Capital commitment

As at 30 June 2024, the Group had capital commitment relating to the investment in an equity security of HK\$16,040,000 (31 December 2023: HK\$16,460,000).

### 15. Material related party transactions

Other than disclosed elsewhere in the unaudited condensed consolidated financial statements, the Group had the following material transactions with related parties during the six months ended 30 June 2024:

Relationships	Nature of transactions	Note	For the six months ended 30 June	
			2024 (unaudited) HK\$'000	2023 (unaudited) HK\$'000
Key management personnel remuneration	Salaries, bonus, allowance and other short-term benefits		3,120	3,948
	Contributions to defined contribution plans		45	36
			3,165	3,984
Related company controlled by Mr. Shi	Property management services income	(i)	2,306	3,486
	Rental expenses	(i)	965	-
	Commercial properties and merchants management services income	(i)	17,063	19,076
Non-controlling shareholders of subsidiaries	Consideration received in relation to disposal of a subsidiary		2,160	-

Note:

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

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024  
(expressed in HK\$ unless otherwise indicated)

### 16. Fair value measurement of financial instruments

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

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

\* *for identification purpose only*