

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)



2026 Interim Report

Efficiency · Intelligence · Value

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CORPORATE INFORMATION

Board of Directors

Executive Directors

Mr. Mo Yueming (*Chairman*)
Ms. Hao Ying
Mr. Xue Fei

Non-executive Director

Mr. He Qi

Independent Non-executive Directors

Mr. Lin Hua Rong, Harry
Ms. Juliett Jing Dong
Mr. Tam Kam Shing, Chris (Appointed on 21 January 2026)

Chief Executive Officer

Mr. Sui Feng-jih

Audit Committee

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

Remuneration Committee

Mr. Lin Hua Rong, Harry (*Chairman*)
Mr. Mo Yueming
Ms. Juliett Jing Dong

Nomination Committee

Mr. Mo Yueming (*Chairman*)
Ms. Juliett Jing Dong
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 and
Registered Public Interest Entity Auditor
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
Tesbury Centre
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

MANAGEMENT DISCUSSION AND ANALYSIS

The board (the “Board”) of directors (the “Director(s)”) of Gangyu Smart Urban Services Holding Limited (the “Company”, together with its subsidiaries the “Group”) is pleased to present the unaudited condensed consolidated results of the Group for the six months ended 30 June 2026 (the “Period”), together with comparative figures for the corresponding period in 2025 (the “Corresponding Period”).

Industry Overview, Business Strategy and Business Review

During the Period, the Group operated through four reportable segments: (i) property management services; (ii) environmental hygiene services; (iii) integrated development services; and (iv) diversified tourism products and services in the People’s Republic of China (“PRC”).

The operating environment in mainland China remained challenging throughout the Period. The real estate market continued to undergo adjustment and gradual recovery, with the delivery of residential and commercial projects, the launch of new developments, and demand for related ancillary services recovering at a relatively slow pace. Meanwhile, under local fiscal constraints, budgeting, tender pricing, and settlement approvals for public service projects became more stringent, intensifying market competition and lengthening the Group’s collection cycle for certain projects, particularly in the environmental hygiene business. In addition, the uneven recovery in cultural and tourism consumption, coupled with persistent competition in tendering processes, posed varying degrees of challenges across the Group’s core business segments. In response, the Group maintained a prudent operating strategy during the Period by implementing various initiatives with a focus on safeguarding cash flow, improving collection efficiency, strengthening cost and expense control, enhancing service quality, and reinforcing compliance management.

During the Period, the Group recorded a significant decrease in both revenue and gross profit, which was primarily attributable to adverse market conditions within the environmental hygiene services segment and the property management business segment. Such decrease was principally attributable to the completion, expiry and non-renewal of two major environmental hygiene projects during the Period, following the completion of another project at the end of 2025. Despite the completion of these projects, the Group remained obligated to fulfill ongoing temporary contractual commitments and continued to incur unavoidable direct operating costs including subcontracting and depreciation expenses. In addition, revenue from the property management business segment was negatively affected by downward adjustments in relation to a property management project while the services were being aligned with the client’s requirements.

The Group’s overall financial performance for the Period was further constrained by a fair value losses on investment properties, inventory impairment, and a provision for expected credit loss (“ECL”) allowances on trade receivables and contract assets.

Concurrently, selling and administrative expenses increased despite the revenue contraction. Within the environmental hygiene service segment, the Group strategically retained its core workforce, including key marketing personnel, administrative staff, and experienced frontline teams, most of whom are subcontracted. This retention policy was implemented to preserve operational readiness for upcoming tender opportunities with reasonable profit, expedite the mobilization of new projects, and bolster the recovery of outstanding receivables. It was further driven up by the expansion of the Group’s Hong Kong headquarters, which primarily comprised lease expenses for additional office space and increased backend staff costs, together with non-recurring professional fees for legal and financial due diligence conducted on potential acquisition projects.

MANAGEMENT DISCUSSION AND ANALYSIS

Notwithstanding the above challenging circumstances, the Group maintained a sound overall liquidity position. Looking ahead, to optimize cost structure and protect profitability, the Board intends to scale down low-margin projects within the environmental hygiene segment. Correspondingly, corporate resources will be strategically reallocated toward reinforcing core operations, integrating AI technology into the property management to enhance efficiency, and prudently pursuing high-quality acquisition opportunities to drive sustainable long-term growth.

The Group recorded revenue of approximately HK\$122.5 million (Corresponding Period: approximately HK\$169.4 million) for the Period, representing a decrease of approximately 27.7% compared with the Corresponding Period. The Group recorded a profit for the Period, amounting to approximately HK\$1.4 million (Corresponding Period: a profit approximately HK\$15.2 million).

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

Property Management Businesses

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》) published 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.

Under the “15th Five-Year Plan”, the property management industry is expected to encounter both 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 industry is undergoing a comprehensive transformation from the provision of the four basic services – security, cleaning, greening, and facility maintenance – to offering integrated property and lifestyle concierge services, ultimately evolving into 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 possess certifications of the ISO 9001 (Quality Management Systems), ISO 14001 (Environmental Management Systems) and ISO 45001 (Occupational Health and Safety Management Systems). During the Period, the Group did not receive any awards, as such awards are typically granted at the end of the year.

During the Period, 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 30 June 2026, Gangyu PMS Group had a total contracted gross floor area of approximately 7.60 million square meters (31 December 2025: approximately 7.78 million square meters and 30 June 2025: approximately 8.55 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. 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.



MANAGEMENT DISCUSSION AND ANALYSIS

With the Group's effort in developing its property management services, during the Period, the Group recorded revenue from property management businesses, including property management services and rental income, of approximately HK\$95.5 million (Corresponding Period: approximately HK\$103.6 million), representing a decrease of approximately 7.8%.



Environmental Hygiene Businesses

The environmental hygiene business 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. 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.

The Group recorded revenue of approximately HK\$24.5 million from its environmental hygiene services businesses (Corresponding Period: approximately HK\$63.7 million), representing a decrease of approximately 61.6% as compared to the Corresponding Period.

In response to increasingly rigorous performance standards and aggressive price competition, the Group elected not to renew two major environmental hygiene contracts upon maturity during the Period. However, the Group remained obligated to fulfill ongoing temporary contractual commitments and continued to incur unavoidable direct operating costs including subcontracting and depreciation expenses. In addition, the Group experienced increases in direct labour, direct material, and subcontracting costs in order to meet stringent performance requirements imposed by the Government and rising industry standards. The gross profit margin of the environmental hygiene services business was approximately 19.1% for the Period, representing an increase of approximately 3.4 percentage points from approximately 15.7% for the Corresponding Period, but a decrease of approximately 1.4 percentage points from approximately 20.5% for the year ended 31 December 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group maintains a strong operational focus on customer acceptance while actively pursuing the collection of outstanding trade receivables. To safeguard liquidity amidst price compression and extended payment cycles that have strained working capital and margins, the Group is demanding formal repayment plans from its primary clientele of government-related entities. As at 30 June 2026, the Group continued to operate one environmental hygiene project.



Integrated Development Businesses

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

Tourism attractions-related services

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

Tu Men Travel recorded a revenue of approximately HK\$2.3 million for the Period (Corresponding Period: approximately HK\$2.1 million). The combined effect of adverse weather conditions, the persistently high vacancy rates of shopping arcade, competition from nearby villagers' autonomous businesses, and the absence of distinctive and competitive offerings from certain merchants resulted in revenue remaining largely flat during the Period, with no material improvement recorded.

Tu Men Travel's gross profit for the Period amounted to approximately HK\$1.9 million (Corresponding Period: approximately HK\$1.7 million). 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 ("the Land Planning"), was under planning stage and was recognised as inventories in the Group's condensed consolidated financial statements as at 30 June 2026 in the carrying amount of approximately HK\$15.0 million (31 December 2025: approximately HK\$15.8 million).



MANAGEMENT DISCUSSION AND ANALYSIS

Pursuant to an agreement dated 28 October 2021 entered into between the Group and the local government authority, a piece of land in Shijiazhuang City, Hebei Province, the PRC, with an aggregate area of approximately 21,647 square meters, which was recognised as inventories in the consolidated financial statements as at 31 December 2020 in the carrying amount of approximately HK\$102.3 million, was returned to the local government in 2021 in exchange for a compensation of approximately RMB85.0 million (equivalent to approximately HK\$102.2 million). As at 30 June 2026, the receivable balance from the government authority amounted to approximately RMB3.5 million (31 December 2025: approximately RMB3.5 million) (the “Compensation Funds”). The Group is actively engaging with the relevant government authority with the goal of recovering the receivable balance of the Compensation Funds within one year.

During the Period, 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 receivable balance of the Compensation Funds.



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

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, no revenue in this segment was recorded by the Group during the Period and the Corresponding Period. The Group will reassess the surrounding business environment from time to time and make appropriate arrangements for this business segment to achieve the best interest of the Company and its shareholders as a whole.

MANAGEMENT DISCUSSION AND ANALYSIS

Future Outlook

Looking ahead, the Group expects the external operating environment to remain cautiously competitive. Property management and leasing services will continue to be the Group's primary sources of revenue and cash flow. The Group will focus on improving collection rates, enhancing the quality of contract renewals, and strengthening overall asset operation efficiency. As part of its cost-reduction and efficiency strategy, the Group has partnered with a business collaborator to develop robotic solutions that automate routine tasks, reducing reliance on manual cleaning labor and lowering operating expenses. Initial efforts will focus on building standard operating procedures and work-order data, before expanding into applications such as AI-assisted work-order dispatch, resource scheduling, service-quality monitoring, and smart equipment integration. Broader rollout will proceed only after technical stability, safety, data quality, regulatory compliance, and economic return have been properly evaluated, with human oversight and manual fallback arrangements maintained throughout.

Due to intense price competition in the environmental hygiene services segment, the Group decided not to renew two projects during the Period. For its remaining project, the Group will continue to rigorously enforce cost and expense controls. Meanwhile, the Group will continue to follow up on outstanding receivables with the relevant government authorities to negotiate a suitable repayment schedule and to identify potentially profitable new projects, although the outlook for the environmental hygiene business remains challenging. 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 adhering to prudent management principles, focusing on high-quality project development, strengthening receivables management, and continuously enhancing its risk control mechanisms, it will be well positioned to consolidate and reinforce its operational foundation amid a challenging market environment, thereby creating sustainable value for shareholders, customers, employees, and other stakeholders. The Group will maintain a prudent approach to capital allocation, focusing principally on core-adjacent investments in data infrastructure, AI-assisted operating systems, interoperable smart equipment and related service capabilities. Depending on the specific circumstances, the Group may pursue these opportunities through internal development, equipment procurement, commercial cooperation or selective investment.



MANAGEMENT DISCUSSION AND ANALYSIS

Financial Analysis

Operating Performance

Analysis by nature of revenue:

	For the six months ended 30 June			
	2026		2025	
	(unaudited)		(unaudited)	
	HK\$'000	%	HK\$'000	%
Property management businesses:				
Property management and leasing related services	95,491	77.9	103,558	61.1
Environmental hygiene businesses:				
Environmental hygiene services	24,453	20.0	63,696	37.6
Integrated development businesses:				
Tourism attractions-related income	2,583	2.1	2,127	1.3
Total	122,527	100.0	169,381	100.0

The Group recorded revenue of approximately HK\$122.5 million (Corresponding Period: approximately HK\$169.4 million) for the Period, representing a decrease of approximately 27.7% as compared to the Corresponding Period.

The decrease in revenue from the property management business was primarily attributable to the non-renewal of several contracts upon expiry, as competitors submitted significantly lower bids in tenders. This led to unsuccessful tender outcomes in the public facilities segment and reflects intensified pricing competition in the market. Details of the business performance of the property management businesses are set out in the sub-section headed “Property Management Businesses” under the section headed “Management Discussion and Analysis”.

Amid increasingly stringent performance assessment standards and intensified price competition in the environmental hygiene business, the Group decided not to renew two low-margin projects during the Period, resulting in a decrease in revenue from this segment as compared to the Corresponding Period. Further details of environmental hygiene business performance are set out in the sub-section headed “Environmental Hygiene Businesses” under the section headed “Management Discussion and Analysis”.

The combined effect of adverse weather conditions, the persistently high vacancy rate of the shopping arcade, competition from self-operated businesses of nearby villagers and the absence of distinctive and competitive offerings from certain merchants resulted in revenue remaining largely flat during the Period, with no material improvement recorded. in Tu Men Travel. Further details of the business performance of integrated development businesses are set out in the sub-section headed “Integrated Development Businesses” under the section headed “Management Discussion and Analysis”.

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

MANAGEMENT DISCUSSION AND ANALYSIS

Gross profit and gross profit margin

The Group recorded a gross profit of approximately HK\$34.1 million (Corresponding Period: approximately HK\$45.4 million) for the Period. The gross profit margin increased by approximately 1.0 percentage points from approximately 26.8% for the Corresponding Period to approximately 27.8% for the Period.

The property management businesses recorded a decrease in gross profit by approximately HK\$6.1 million from approximately HK\$33.6 million for the Corresponding Period to approximately HK\$27.5 million for the Period. The Group also recorded a decrease in gross profit margin by approximately 3.6 percentage points from approximately 32.4% for the Corresponding Period to approximately 28.8% for the Period. The decrease in gross profit and the gross profit margin of the property management businesses was mainly attributable to downward adjustments in the service fees of a property management project during the course of aligning the services provided with the client's requirements, together with a reduction in the total contracted gross floor area under the Group's management as a result of adverse market conditions.

The environmental hygiene businesses recorded a decrease in gross profit by approximately HK\$5.3 million from approximately HK\$10.0 million for the Corresponding Period to approximately HK\$4.7 million for the Period. The Group also recorded an increase in gross profit margin by approximately 3.4 percentage points from approximately 15.7% for the Corresponding Period to approximately 19.1% for the Period. While the environmental hygiene segment achieved an increased gross profit margin, total gross profit declined significantly. This reduction was primarily driven by higher direct labor, direct material, and subcontracting expenses necessary to comply with elevated industry benchmarks and stricter government performance standards. Additionally, the termination of two environmental hygiene projects ceased revenue generation while the Group temporarily incurred lingering subcontracting costs to discharge its remaining contractual commitments.

The integrated development business recorded an increase in gross profit by approximately HK\$0.1 million from approximately HK\$1.8 million for the Corresponding Period to approximately HK\$1.9 million for the Period. The Group also recorded a decrease in gross profit margin by approximately 9.8 percentage points from approximately 82.2% for the Corresponding Period to approximately 72.4% for the Period.

Profit for the Period

Profit for the period decreased significantly to approximately HK\$1.4 million, compared with HK\$15.2 million for the corresponding period. Although fair value losses on investment properties decreased by HK\$3.8 million, the Group's overall performance was adversely affected by approximately HK\$4.5 million increase in selling and administrative expenses. This increase was primarily attributable to (i) approximately HK\$1.5 million of costs relating to the expansion of the headquarters, including the establishment of an additional office in Hong Kong together with professional fees paid to professional advisers engaged to conduct valuations and due diligence on potential target companies; (ii) an inventory impairment loss of approximately HK\$1.5 million recognised in respect of land held as inventory; and (iii) approximately HK\$1.5 million of personnel and operating costs, comprising the retention of marketing personnel to support business development and of frontline personnel for potential environmental hygiene projects (most of whom were engaged on a subcontracting basis), together with an increase in selling and administrative expenses in the property management and integrated development business segment.



MANAGEMENT DISCUSSION AND ANALYSIS

Assets Structure

As at 30 June 2026 and 31 December 2025, the Group's assets mainly included property, plant and equipment and right-of-use assets, investment properties, investments in associates, 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\$118.1 million (31 December 2025: approximately HK\$119.9 million) as at 30 June 2026, in aggregate, mainly represented (i) properties and other equipment of the tourist attraction and cultural spots owned by Tu Men Travel in the net carrying amount of approximately HK\$104.5 million (31 December 2025: approximately HK\$103.3 million); and (ii) vehicles and other equipment of the Group's environmental hygiene businesses in the net carrying amount of approximately HK\$8.6 million (31 December 2025: approximately HK\$10.7 million), which were mainly acquired to cope with the Group's environmental hygiene operating projects.
- ii. Investment properties of approximately HK\$63.4 million (31 December 2025: approximately HK\$67.0 million) as at 30 June 2026 mainly represented fair values of the right-of-use assets of commercial properties located in Shijiazhuang City, Hebei Province, the PRC leased by the Group from property owners to earn rentals.
- iii. Investments in associates of approximately HK\$24.7 million (31 December 2025: approximately HK\$22.6 million) as at 30 June 2026. It 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") and 34% equity interest in Octopus Capital Limited and its subsidiary ("Octopus Group").

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 2026 in the carrying amounts of approximately HK\$113.3 million and approximately HK\$98.1 million respectively (31 December 2025: approximately HK\$113.9 million and approximately HK\$95.1 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 30 June 2026, 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\$61.6 million (31 December 2025: approximately HK\$58.9 million) which were non-interest-bearing demand loan.

The Company acquired a 34% interest in the Octopus Group on 28 January 2026 at the consideration of approximately HK\$3.2 million. The Octopus Group was engaged in securities brokerage, underwriting, placement, IPO subscription, and planned to apply for virtual asset licenses. However, the Group on 31 July 2026 for a compensation payment of approximately HK\$1.1 million, thereby releasing the Group from its obligation to pay the outstanding consideration of HK\$3.0 million. Upon mutual agreement between the original vendor and the Group, the Transfer took place on 31 July 2026, and the Octopus Group ceased to be an associate of the Company since then.

MANAGEMENT DISCUSSION AND ANALYSIS

- iv. Inventories of approximately HK\$15.2 million (31 December 2025: approximately HK\$15.9 million) as at 30 June 2026 mainly represented the carrying amount of a piece of land in Shijiazhuang City, Hebei Province, the PRC with an aggregate area of 14,637 square meters under the planning stage of approximately HK\$15.0 million (31 December 2025: approximately HK\$15.8 million). The balance decreased slightly during the Period, due to an impairment loss of approximately HK\$1.5 million, recognised as a downward adjustment in land valuation in accordance with the valuation report as a result of unfavourable market conditions.
- v. Trade receivables of approximately HK\$182.7 million (31 December 2025: approximately HK\$174.3 million) as at 30 June 2026 were derived from (i) the environmental hygiene segment of approximately HK\$131.0 million (31 December 2025: approximately HK\$132.5 million); (ii) the property management segment of approximately HK\$49.7 million (31 December 2025: approximately HK\$39.9 million); and (iii) the marketing, event planning and consulting services under the integrated development segment of approximately HK\$2.0 million (31 December 2025: approximately HK\$1.9 million). The increase in the trade receivables balance of the Group was primarily a result of specific customers in the environmental hygiene and property management and environmental hygiene sectors delaying their payments due to their cash flow challenges.

As at 31 December 2025, trade receivables due from Hebei Jianing Commercial Management Co., Limited (河北嘉寧商業管理有限公司) (“Hebei Jianing”) the Group’s second-largest debtor, amounted to approximately HK\$33.5 million and were classified as a trade receivables from related companies. This classification originally arose because Hebei Jianing was ultimately owned as to 70% by Mr. Shi Baodong (a controlling shareholder of the Company) , prior to its disposal to an independent third-party purchaser on 30 April 2025. In connection with that transaction, Mr. Shi provided a 12-month post-completion undertaking, expiring on 1 May 2026, to support the stable operation, business continuity, and commercial relationships of Hebei Jianing and its subsidiaries.

From an accounting perspective, upon the expiration of this post-completion undertaking on 1 May 2026, Hebei Jianing ceased to be a related party of the Company. Consequently, the outstanding balance of approximately HK\$31.4 million as at 30 June 2026 was reclassified as a third-party trade receivables. This reclassification reflects the cessation of the related-party relationship and is substantiated by the transition to an independent, arm’s-length commercial status, evidenced by: (i) the Company’s initiation of formal legal proceedings against Hebei Jianing to enforce debt recovery; and (ii) the satisfactory subsequent settlement and repayment track record observed prior to the authorization for issue of the 2026 interim financial results. The Group has successfully recovered repayments representing approximately one-third of the total outstanding balance as at 31 December 2025 during the period from 1 January 2026 up to the date of approval of the interim financial report.

As at 30 June 2026, the top five debtors accounted for 83.9% of the total outstanding gross trade receivables, with four of these top debtors being government-owned entities (GOEs) representing approximately 68.3% of the total debts. While GOEs in the PRC typically extended settlement periods due to administrative approval processes and budgetary constraints, their historical default rate remains comparatively low given their sovereign or institutional backing and strong ultimate credit profile.

- vi. Contract assets of approximately HK\$27.2 million (31 December 2025: approximately HK\$27.9 million) as at 30 June 2026 are trade receivables that still need to be invoiced, specifically from customers who were government authorities in the environmental hygiene segment as they maintain stringent procedures to validate the work performed by the Group. Upon customer confirmation of the service quality and completion of the service provided by the Group, invoices will be issued to these customers. Subsequently, these invoiced receivables will be classified as trade receivables.



MANAGEMENT DISCUSSION AND ANALYSIS

- vii. Prepayments, deposits and other receivables, amounts due from related companies and amount due from an associate of approximately HK\$87.6 million (31 December 2025: approximately HK\$89.2 million) as at 30 June 2026 mainly represented (i) the Advances of approximately HK\$61.6 million (31 December 2025: approximately HK\$58.9 million); (ii) receivables of approximately HK\$4.1 million (31 December 2025: approximately HK\$3.9 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.
- viii. Cash and cash equivalents were approximately HK\$124.5 million (31 December 2025: approximately HK\$120.0 million) as at 30 June 2026. The increase was mainly attributable to the net cash generated from operating activities but partially offset by the repayment of lease liabilities and investments in projects, and relevant legal and financial due diligence fees during the Period.

Liabilities Structure

As at 30 June 2026 and 31 December 2025, 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\$49.7 million (31 December 2025: approximately HK\$56.7 million) as at 30 June 2026 mainly derived from (i) the property management segment of approximately HK\$29.9 million (31 December 2025: approximately HK\$36.4 million); (ii) the environmental hygiene segment of approximately HK\$14.8 million (31 December 2025: approximately HK\$15.0 million); and (iii) the marketing, event planning and consulting services under the integrated development segment of approximately HK\$5.0 million (31 December 2025: approximately HK\$5.3 million). The decrease in trade payables and contract liabilities was primarily due to the scaling down of the Group's property management and environmental hygiene businesses throughout the Period.
- ii. Other payables of approximately HK\$54.7 million (31 December 2025: approximately HK\$54.7 million) as at 30 June 2026 mainly consisted of (i) advance and deposits payable to customers and accrued salaries and retirement contributions in the total sum of approximately HK\$27.6 million (31 December 2025: approximately HK\$25.0 million) arising out of the property management and leasing -related business segment; (ii) the integrated development segment of approximately HK\$14.6 million (2025: approximately HK\$16.1 million), which mainly comprised the land and construction costs payable and consideration payable regarding the acquisition of Tu Men Travel; and (iii) advance payable to customers and accrued salaries and retirement contributions in the total sum of approximately HK\$4.6 million (31 December 2025: approximately HK\$9.7 million) arising out of the environment hygiene segment. Despite the scaling down of operations, other payables remained relatively unchanged compared to the Corresponding Period. This was primarily driven by HK\$3.0 million in consideration payable to the vendor of the Octopus Group as at 30 June 2026 (31 December 2025: nil) and the appreciation of the Renminbi.
- iii. Lease liabilities of approximately HK\$35.0 million (31 December 2025: approximately HK\$39.0 million) as at 30 June 2026 were comprised of lease liabilities of the right-of-use assets of approximately HK\$33.4 million (31 December 2025: approximately HK\$36.6 million) in respect of the commercial properties located in Shijiazhuang City, Hebei Province, the PRC leased by the Group from property owners to earn rental incomes.

MANAGEMENT DISCUSSION AND ANALYSIS

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 2026, the Group had a current ratio (calculated by dividing current assets by the current liabilities) of approximately 3.2 (31 December 2025: approximately 3.0).

As the Group had no bank and other borrowings as at 30 June 2026 and 31 December 2025, 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 2026 and 31 December 2025.

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 has not used derivative financial instruments to hedge against its foreign currency risk during the Period.

Capital Commitment

As at 30 June 2026, the Group had capital commitment relating to the investment in an equity security of approximately HK\$17.3 million (31 December 2025: approximately HK\$16.7 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 2026 and 31 December 2025, none of the Group's assets were pledged.

Material Contingent Liabilities

As at 30 June 2026 and 31 December 2025, the Group had no material contingent liabilities.



MANAGEMENT DISCUSSION AND ANALYSIS

Number and Remuneration of Employees

As at 30 June 2026, the total number of employees of the Group was approximately 195 (30 June 2025: approximately 2,400). Staff costs (including Directors' emoluments) of approximately HK\$28.6 million (Corresponding Period: approximately HK\$43.6 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 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.

In addition, the Company adopted a share award scheme (granting existing shares of the Company ("Shares") only) on 30 May 2025 (the "Share Award Scheme") as incentives or rewards for eligible participants for encouraging them to contribute to the long-term growth, performance and profits of the Company and to enhance the value of the Company and its Shares for the benefit of the Company and the Shareholders as a whole. As at the date of this report, no share awards have been granted under the Share Award Scheme since its adoption. For details of the Share Award Scheme, please refer to the Company's 2025 Annual Report published on 23 April 2026.

Interim Dividend

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

Event after the Reporting Period

The Directors are not aware of any material event of the Group that has taken place subsequent to 30 June 2026 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, 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 Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules").

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

As at 30 June 2026, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance, Chapter 571 of the laws of Hong Kong (the "SFO")) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including long and short positions which were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered into the register maintained by the Company; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 of the Listing Rules were as follows:

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

Note: The approximate percentage was calculated based on 258,441,510 Shares in issue as at 30 June 2026.

Save as disclosed above, as at 30 June 2026, 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 2026, to the best knowledge of the Directors, the following entities (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying shares of the Company which fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of Shareholder	Capacity	Number of Shares/ underlying shares of the Company held	Approximate percentage of shareholding in the Company (Note 4)
Mr. Shi	Beneficial owner Interest in controlled corporation	2,604,782 160,465,320 ^(Note 1)	1.01% 62.09%
Gangyu Technology Group Holdings Limited ("GTGHL") (formerly known as Orient Victory Real Estate Group Holdings Limited) ^(Note 1)	Beneficial owner	160,465,320	62.09%
Outstanding Global Holdings Limited ("OGH") ^(Note 2)	Person having security interests in Shares	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	30,369,205	11.75%

Notes:

- GTGHL is wholly owned by Mr. Shi. The security interests include holding (i) 157,889,897 Shares; and (ii) the perpetual convertible securities issued in March 2016 in an aggregate principal amount of HK\$70,000,000 (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 130,600,897 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 approximate percentage was calculated based on 258,441,510 Shares in issue as at 30 June 2026.

Save as disclosed above, as at 30 June 2026, 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 Practices

The Company recognises the importance of good corporate governance for enhancing the management of the Company as well as preserving the interests of the shareholders of the Company as a whole. The Company has adopted the code provisions as set out in Part 2 of the “Corporate Governance Code” (the “CG Code”) as contained in Appendix C1 to the Listing Rules, as its own code to govern its corporate governance practices.

The Company had complied with the relevant code provisions contained in Part 2 of the CG Code during the Period.

The Board will continue to review and monitor the practices of the Company with an aim of maintaining a high standard of corporate governance.

Model Code for Securities Transactions by Directors

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

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

Audit Committee and Review of Interim Results

The Board has established its audit committee (the “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 Kam Shing, Chris (being the chairman of the Audit Committee), Mr. Lin Hua Rong, Harry and Ms. Juliett Jing Dong. The Audit Committee is primarily responsible for reviewing and providing supervision over the financial reporting procedure and internal control of the Group. The interim results of the Group for the Period have not been audited, but have been reviewed by the Audit Committee. The Audit Committee considers that appropriate accounting policies have been adopted, and the applicable requirements of the Listing Rules have been complied with, in the preparation of relevant results, and sufficient disclosures have been made.





CORPORATE GOVERNANCE AND OTHER INFORMATION

Changes in Constitutional Documents

On 1 June 2026, the Board proposed the adoption of a new memorandum and articles of association of the Company (the “New M&A”) in order to, among other things, (i) reflect and align the Company’s constitutional documents with the latest regulatory requirements, including the relevant requirements under the Listing Rules relating to the expanded paperless listing regime, hybrid and electronic general meetings, and the conduct and proceedings of such meetings; (ii) reflect certain updates to the Listing Rules and the applicable laws of the Cayman Islands; and (iii) make other consequential and housekeeping amendments. Details of the amendments were set out in the circular of the Company dated 4 June 2026. The New M&A were adopted by a special resolution passed at the annual general meeting of the Company held on 29 June 2026.

An up-to-date version of the New M&A (i.e. the Fourth Amended and Restated M&A) is available on the respective websites of the Stock Exchange and the Company. Save as disclosed above, no other changes were made to the constitutional documents of the Company during the Period._

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, 28 August 2026

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2026
(expressed in Hong Kong dollars ("HK\$"))

	Notes	For the six months ended 30 June 2026 (unaudited) HK\$'000	2025 (unaudited) HK\$'000
Revenue	3	122,527	169,381
Cost of sales and services		(88,445)	(124,013)
Gross profit		34,082	45,368
Other income		2,116	988
Selling, general and administrative expenses		(24,912)	(20,441)
Share of results of associates		(1,816)	(1)
Fair value changes on investment properties		(6,027)	(9,844)
Finance costs	4	(870)	(977)
Profit before taxation	5	2,573	15,093
Income tax	6	(1,200)	104
Profit for the period		1,373	15,197
Profit (loss) for the period attributable to:			
Equity holders of the Company		2,629	15,132
Non-controlling interests		(1,256)	65
		1,373	15,197
Basic and diluted earnings per share	7	HK0.18 cents	HK5.04 cents



CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2026
(expressed in HK\$)

	For the six months ended 30 June	
	2026	2025
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Profit for the period	1,373	15,197
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	15,976	13,321
– Exchange difference on translation of share of other comprehensive income of an associate	814	719
	16,790	14,040
Total comprehensive income for the period	18,163	29,237
Attributable to:		
– Equity holders of the Company	18,800	28,628
– Non-controlling interests	(637)	609
Total comprehensive income for the period	18,163	29,237

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2026
(expressed in HK\$)

	Notes	30 June 2026 (unaudited) HK\$'000	31 December 2025 (audited) HK\$'000
Non-current assets			
Goodwill	8	–	–
Property, plant and equipment		92,842	94,226
Investment properties		63,358	67,012
Right-of-use assets		25,240	25,694
Intangible assets		59	65
Investments in associates	9	24,726	22,562
Deferred tax assets		7,561	6,978
		213,786	216,537
Current assets			
Inventories		15,192	15,910
Financial assets at fair value through profit or loss (“FVTPL”)		5,765	5,563
Trade receivables	10	182,717	174,334
Contract assets		27,195	27,935
Amount due from an associate		61,562	58,904
Prepayments, deposits and other receivables		26,040	30,310
Cash and cash equivalents		124,549	120,041
		443,020	432,997
Current liabilities			
Trade payables	11	25,066	28,885
Contract liabilities		24,605	27,774
Other payables		54,671	54,655
Tax payable		25,975	25,598
Lease liabilities		9,505	9,511
		139,822	146,423
Net current assets		303,198	286,574
Total assets less current liabilities		516,984	503,111



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2026
(expressed in HK\$)

	Notes	30 June 2026 (unaudited) HK\$'000	31 December 2025 (audited) HK\$'000
Non-current liabilities			
Lease liabilities		25,531	29,539
Deferred tax liabilities		7,556	7,838
		33,087	37,377
NET ASSETS		483,897	465,734
Capital and reserves			
Share capital	12	64,610	64,610
Perpetual convertible securities	14	55,668	55,668
Reserves		263,862	245,062
Equity attributable to equity holders of the Company		384,140	365,340
Perpetual bonds	15	80,000	80,000
Non-controlling interests		19,757	20,394
TOTAL EQUITY		483,897	465,734

Approved and authorised for issue by the board of directors on 28 August 2026.

Mo Yueming
Chairman

Xue Fei
Executive Director

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2026
(expressed in HK\$)

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



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2026
(expressed in HK\$)

	Attributable to equity owners of the Company							Non-		Total equity (unaudited) HK\$'000
	Share capital (unaudited) HK\$'000	Share premium (unaudited) HK\$'000	Perpetual convertible securities (unaudited) HK\$'000	Exchange reserve (unaudited) HK\$'000	Other reserve (unaudited) HK\$'000	Accumulated losses (unaudited) HK\$'000	Total (unaudited) HK\$'000	Perpetual bonds (unaudited) HK\$'000	controlling interests (unaudited) HK\$'000	
At 1 January 2026	64,610	636,144	55,668	(41,463)	(432)	(349,187)	365,340	80,000	20,394	465,734
Profit (Loss) for the period	-	-	-	-	-	2,629	2,629	-	(1,256)	1,373
Other comprehensive income										
Exchange differences on translation of foreign operations	-	-	-	16,171	-	-	16,171	-	619	16,790
Total comprehensive income (loss) for the period	-	-	-	16,171	-	2,629	18,800	-	(637)	18,163
Transactions with owners:										
Contribution and distribution										
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-
Distributions to holders of perpetual convertible securities	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
At 30 June 2026	64,610	636,144	55,668	(25,292)	(432)	(346,558)	384,140	80,000	19,757	483,897

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2026
(expressed in HK\$)

	For the six months ended 30 June	
	2026	2025
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Net cash generated from operating activities	10,355	15,453
Net cash used in investing activities	(3,993)	(61)
Net cash used in financing activities	(6,112)	(7,598)
Net increase in cash and cash equivalents	250	7,794
Cash and cash equivalents at 1 January	120,041	86,350
Effect of foreign exchange rate changes	4,258	3,264
Cash and cash equivalents at 30 June	124,549	97,408



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2026
(expressed in HK\$ unless otherwise indicated)

1. General

The Company is an exempted limited company incorporated in the Cayman Islands and its Shares are listed on 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 Office B, 16/F., Tesbury Centre, 28 Queen's Road East, 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 GTGHL, which is incorporated in the British Virgin Islands ("BVI") and is wholly-owned by Mr. Shi, the controlling shareholder of the Company.

The unaudited condensed consolidated financial statements are presented in HK\$, which is also the functional currency of the Group, except for the subsidiaries established in 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 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 2025 (the "2025 Annual Financial Statements"). The accounting policies adopted in the Interim Financial Statements are consistent with those applied in the preparation of the 2025 Annual Financial Statements, except for the adoption of the new/revised HKFRS Accounting Standards ("HKFRSs"), which are relevant to the Group's operation and are effective for the Group's financial year beginning on 1 January 2026 as described below.

Amendments to HKFRS 9 and HKFRS 7	Amendments to the classification and measurement of financial instruments, Contracts Referencing Nature-dependent Electricity
Annual improvements to HKFRS	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7
Accounting Standards – Volume 11	

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

The Group has not early adopted any new/revised HKFRS Accounting Standards and interpretation that have been issued but are not yet effective for the financial period beginning on 1 January 2026.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2026
(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	
	2026	2025
	(unaudited) HK\$'000	(unaudited) HK\$'000
Revenue from contracts with customers within HKFRS 15, recognised over time:		
At fixed price		
– Property management services	81,211	88,584
– Tourism attractions related income	2,583	2,127
	83,794	90,711
At variable price		
– Environmental hygiene services	24,453	63,696
	108,247	154,407
Revenue from other sources:		
– Rental income	14,280	14,974
	122,527	169,381

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 2026
(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 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 Corresponding Period is set out below.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2026
(expressed in HK\$ unless otherwise indicated)

3. Revenue and segment reporting (*continued*)

(b) Segment reporting (*continued*)

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

(i) By business segment

Segment results

	For the six months ended 30 June									
	Property management		Environmental hygiene		Integrated development		Diversified tourism products and services		Total	
	2026 (unaudited) HK\$'000	2025 (unaudited) HK\$'000	2026 (unaudited) HK\$'000	2025 (unaudited) HK\$'000	2026 (unaudited) HK\$'000	2025 (unaudited) HK\$'000	2026 (unaudited) HK\$'000	2025 (unaudited) HK\$'000	2026 (unaudited) HK\$'000	2025 (unaudited) HK\$'000
Disaggregated by timing of revenue recognition:										
– Over time	81,211	88,584	24,453	63,696	2,583	2,127	–	–	108,247	154,407
Rental income	14,280	14,974	–	–	–	–	–	–	14,280	14,974
Reportable segment revenue	95,491	103,558	24,453	63,696	2,583	2,127	–	–	122,527	169,381
Segment results	18,793	16,082	(1,566)	6,161	(5,044)	(404)	(11)	(14)	12,172	21,825
Corporate and other unallocated income and expenses, net									(8,729)	(5,755)
Finance costs									(870)	(977)
Profit before taxation									2,573	15,093



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2026
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3. Revenue and segment reporting (*continued*)

(b) Segment reporting (*continued*)

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

(i) By business segment (*continued*)

Segment assets and liabilities

	Property management		Environmental hygiene		Integrated development		Diversified tourism products and services		Total	
	30 June 2026	31 December 2025	30 June 2026	31 December 2025	30 June 2026	31 December 2025	30 June 2026	31 December 2025	30 June 2026	31 December 2025
	(unaudited)	(audited)	(unaudited)	(audited)	(unaudited)	(audited)	(unaudited)	(audited)	(unaudited)	(audited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets	131,487	134,308	173,301	176,742	212,512	206,029	7,481	6,774	524,781	523,853
Corporate and other unallocated assets									132,025	125,681
Total assets									656,806	649,534
Segment liabilities	110,346	118,094	30,070	34,488	23,192	25,020	660	642	164,268	178,244
Corporate and other unallocated liabilities									8,641	5,556
Total liabilities									172,909	183,800

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For the six months ended 30 June 2026
(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 associates 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
	2026	2025	2026	2025
	(unaudited)	(unaudited)	(unaudited)	(audited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	–	–	1,781	3,883
Chinese Mainland	122,527	169,381	179,718	183,114
	122,527	169,381	181,499	186,997



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For the six months ended 30 June 2026
(expressed in HK\$ unless otherwise indicated)

3. Revenue and segment reporting (*continued*)

(b) Segment reporting (*continued*)

(iii) Information about major customers

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

	For the six months ended 30 June	
	2026	2025
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Customer A	13,817	—*
Customer B	—*	39,317

* The relevant revenue contributed less than 10% to the Group's total revenue for the Period and the Corresponding Period.

4. Finance costs

	For the six months ended 30 June	
	2026	2025
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Interest on lease liabilities	870	977

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2026
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5. Profit before taxation

This is stated after charging (crediting):

	For the six months ended 30 June	
	2026	2025
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Staff costs, including Directors' emoluments:		
Wages, salaries and other benefits	25,678	38,542
Contribution to defined contribution scheme	2,906	5,028
Equity-settled share-based payment expenses	–	–
	28,584	43,570
Other items:		
Amortisation of intangible assets included in selling, general and administrative expenses	8	8
Bank interest income	(346)	(851)
Depreciation included in costs of services and selling, general and administrative expenses (as appropriate)		
– property, plant and equipment	4,864	9,472
– right-of-use assets	1,113	600
Provision for loss allowance		
– trade receivables	1,358	1,861
– contract assets	1	5
Cost of inventories sold	–	115
Impairment loss on inventories	1,475	–
Direct operating expenses arising from investment properties that generated rental income	619	991
Exchange loss, net	1,328	1,788



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2026
(expressed in HK\$ unless otherwise indicated)

6. Taxation

For the Period and the Corresponding Period, the PRC Enterprise Income Tax ("EIT") for small and micro enterprise has been provided at the rate of 5% on the estimated assessable profits arising from the PRC. Other than EIT for in respect of small and micro enterprise, EIT operations in Mainland China is calculated at a rate of 25% (Corresponding Period: 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	
	2026	2025
	(unaudited) HK\$'000	(unaudited) HK\$'000
Current tax – EIT		
Current period	1,901	1,953
Deferred tax		
Reversal of tax losses and temporary differences	(701)	(2,057)
	1,200	(104)

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	
	2026	2025
	(unaudited) HK\$'000	(unaudited) HK\$'000
Profit attributable to the equity holders of the Company	2,629	15,132
Distributions paid to the holders of perpetual convertible securities	–	(2,100)
Accrued distributions to the holders of perpetual convertible securities	(2,163)	–
	466	13,032

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2026
(expressed in HK\$ unless otherwise indicated)

7. Earnings per share (*continued*)

	For the six months ended 30 June	
	2026	2025
	Number of shares	Number of shares
	(unaudited)	(unaudited)
	'000	'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 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. Goodwill

Goodwill related to the acquisition of Tu Men Travel (as defined in the sub-section headed “Tourism attractions-related services”). The goodwill had been fully impaired in prior years.

9. Investments in associates

	30 June	31 December
	2026	2025
	(unaudited)	(audited)
	HK\$'000	HK\$'000
At the beginning of the period	22,562	22,686
Additions (Note i)	3,166	–
Share of net losses of associates	(1,816)	(1,206)
Share of other comprehensive income of an associate	814	1,082
At the end of the period	24,726	22,562

Note:

- i. On 28 January 2026, the Group entered into an agreement in relation to the acquisition of interest in the Octopus Group (as defined in the sub-section headed “Assets Structure”), which are engaged in the securities trading business in Hong Kong, for a total consideration of approximately HK\$3.2 million. Upon completion of the acquisition on 28 January 2026, the Group held a 34% interest in the Octopus Group. As the Group is able to exercise significant influence, but not control, over the financial and operating policies of the Octopus Group, the investment has been accounted for as an associate of the Group using the equity method.

Given the Group’s dissatisfaction with the Octopus Group’s business prospects as a result of certain PRC government policies, the Group decided to transfer its interest in the Octopus Group back to the original vendor (the “Transfer”) for a compensation payment of approximately HK\$1.1 million, thereby releasing the Group from its obligation to pay the outstanding consideration of HK\$3.0 million. Upon mutual agreement between the original vendor and the Group, the Transfer took place on 31 July 2026, and the Octopus Group ceased to be an associate of the Company since then.



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2026
(expressed in HK\$ unless otherwise indicated)

10. Trade receivables

	30 June 2026 (unaudited) HK\$'000	31 December 2025 (audited) HK\$'000
From third parties	194,909	151,064
From related companies in which Mr. Shi, a controlling shareholder of the Company, has beneficial interest	6,587	40,067
	201,496	191,131
Loss allowance	(18,779)	(16,797)
	182,717	174,334

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

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

	30 June 2026 (unaudited) HK\$'000	31 December 2025 (audited) HK\$'000
Within 90 days	20,898	42,515
91 to 180 days	8,106	32,035
181 to 365 days	41,849	53,445
Over 365 days	111,864	46,339
	182,717	174,334

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2026
(expressed in HK\$ unless otherwise indicated)

11. Trade payables

	30 June 2026 (unaudited) HK\$'000	31 December 2025 (audited) HK\$'000
To third parties	22,668	27,831
To related companies in which Mr. Shi, a controlling shareholder of the Company, has beneficial interest	2,398	1,054
	25,066	28,885

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

	30 June 2026 (unaudited) HK\$'000	31 December 2025 (audited) HK\$'000
Within 90 days	6,963	8,746
91 to 180 days	4,175	3,020
181 to 365 days	2,675	3,487
Over 365 days	11,253	13,632
	25,066	28,885

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

12. Share capital

	30 June 2026		31 December 2025	
	Number of shares (unaudited) '000	(unaudited) HK\$'000	Number of shares (audited) '000	(audited) HK\$'000
Authorised:				
At the beginning and the end of the reporting period, ordinary shares of HK\$0.25 (2025: HK\$0.25) each	400,000	100,000	400,000	100,000
Issued and fully paid:				
At the beginning and the end of the reporting period, ordinary shares of HK\$0.25 (2025: HK\$0.25) each	258,442	64,610	258,442	64,610



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2026
(expressed in HK\$ unless otherwise indicated)

13. Interim dividend

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

14. Perpetual convertible securities

On 30 March 2016, the Company issued 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 HK\$0.5436 per Share for the 2016 March PCS. Upon completion of the Company's share consolidation effective on 4 December 2024, the conversion price of 2016 March PCS to Shares was changed from HK\$0.5436 per ordinary share to HK\$27.18 per ordinary share.

Distributions at a rate of 6% per annum shall be payable on the 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 March 2016 PCS in an aggregate amount of HK\$100,000,000. As at 30 June 2026 and 31 December 2025, an aggregate principal amount of HK\$70,000,000 remained outstanding, which is convertible into 2,575,423 Shares. As at 30 June 2026, the accumulated deferred distribution amounted to HK\$4,263,000 (31 December 2025: HK\$2,100,000).

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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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15. 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 (note 14) 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 meeting of the Board 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% per annum.

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.

16. Capital commitment

As at 30 June 2026, the Group had capital commitment relating to the investment in an equity security of HK\$17,295,000 (31 December 2025: HK\$16,689,000).



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2026
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17. 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 2026:

Relationships	Nature of transactions	Note	For the six months ended 30 June	
			2026 (unaudited) HK\$'000	2025 (unaudited) HK\$'000
Key management personnel remuneration	Salaries, bonus, allowance and other short-term benefits		2,073	1,965
	Contributions to defined contribution plans		91	44
			2,164	2,009
Related companies controlled by Mr. Shi	Property management services income (excluding value added tax)	(i)	–	963
	Rental expenses included in selling, general and administrative expenses	(ii)	949	1,317
	Commercial properties and merchants management services income (excluding value added tax)	(i)	5,165	13,528
	Mr. Shi (Controlling shareholder) Consultancy fee	(iii)	1,100	–

Note:

- (i) These transactions constitute continuing connected transactions under the Listing Rules.
- (ii) These transactions constitute exempted continuing connected transactions under the Listing Rules.
- (iii) On 28 June 2025, a subsidiary of the Company entered into a consultancy agreement with Mr. Shi for a term of one year from 28 June 2025 to 27 June 2026 (both days inclusive) at an annual consultancy fee of HK\$2,200,000. On 1 June 2026, the Board approved the renewal of the consultancy agreement for a further term of one year, commencing on 28 June 2026 and expiring on 27 June 2027 (both days inclusive), under the same terms and conditions.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2026
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18. Fair value measurement

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

	30 June 2026			
	Total HK\$'000	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000
Investment properties	63,358	–	–	63,358
Financial assets at FVTPL	5,765	–	–	5,765
	69,123	–	–	69,123

	31 December 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

During the six months ended 30 June 2026 and years ended 31 December 2025, 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.



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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18. Fair value measurement (*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 six months ended 30 June 2026 and the years ended 31 December 2025 are as follows:

Movements in Level 3 fair value measurements

	30 June 2026 HK\$'000	31 December 2025 HK\$'000
At the beginning of the reporting period	72,575	75,984
Additions	–	12,602
Fair value change in profit or loss	(6,027)	(19,472)
Exchange adjustments	2,575	3,461
At the end of the reporting period	69,123	72,575

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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18. Fair value measurement (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

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	HK\$63,358,000 (31 December 2025: HK\$67,012,000)	Investment approach	Capitalisation rates	8% (31 December 2025: 8.0%)	The higher the capitalisation rate, the lower the market value
			Prevailing market rents	Properties unit per sq.m. per month: RMB22 to RMB155 (31 December 2025: RMB14 to RMB200)	The higher the unit rent, the higher the market value
				Carpark unit per space per month: RMB200 to RMB500 (31 December 2025: RMB190 to RMB500)	



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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18. Fair value measurement (*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	HK\$5,765,000 (31 December 2025: HK\$5,563,000)	Market-based approach	Discount of lack of marketability	41.4% (31 December 2025: 41.4%)	The higher the discount of lack of marketability, the lower the market value
			Probability of start up failure	75% (31 December 2025: 75%)	The higher the probability of start up failure, the lower the market value
			Price to sales ratio	14.35 (31 December 2025: 14.35)	The higher the price to sales ratio, the higher the market value
			Enterprise value to sales ratio	14.31 (31 December 2025: 14.31)	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.

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