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港譽城市服務集團

GANGYU URBAN SERVICES GROUP

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)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2024**

HIGHLIGHTS:

- The Group recorded revenue of approximately HK\$345.9 million (2023: approximately HK\$342.4 million) for the Year, representing an increase of approximately 1.0% as compared to Year 2023. While the Group's overall revenue remained relatively stable, there was a notable shift in revenue composition between its property management and environmental hygiene business sectors. A full-year income generated from certain secured projects in 2023 and an increase in number of secured projects during the Year led to an increase in revenue from property management sector as compared to Year 2023. However, revenue from the environmental hygiene business segment recorded a decrease as compared to Year 2023 mainly due to a decrease in sporadic contracts (services provided under non-tender contracts) in the environmental hygiene business sector during the Year and the expiration of an environmental hygiene contract hindered the Group's revenue growth for the Year.
- Profit for the Year attributable to the equity holders of the Company amounted to approximately HK\$49.1 million (2023: approximately HK\$33.5 million), representing an increase of approximately 46.6% compared to Year 2023. This increase was primarily due to (i) an increase in gross profit of approximately HK\$12.6 million from the environmental hygiene business sector ; (ii) compensations received by the Group in the aggregate sum of approximately RMB4.6 million (equivalent to approximately HK\$5.0 million) for the termination of the acquisition of the Properties and the delay of delivery of the Properties; and (iii) effective cost control measures that reduced selling, general, and administrative expenses. These factors contributed to the Group's profit for the Year, despite the absence of any gain on disposal of a subsidiary recorded for the Year, unlike in Year 2023.
- Basic and diluted earnings per share attributable to the equity holders of the Company for the Year was approximately HK11.66 cents (2023: (restated) approximately HK8.24 cents).
- The Board does not recommend the payment of a final dividend for the Year (2023: Nil).

The board (the “**Board**”) of directors (the “**Director(s)**”) of Gangyu Smart Urban Services Holding Limited (the “**Company**”, together with its subsidiaries, the “**Group**”), hereby announces the consolidated results of the Group for the year ended 31 December 2024 (the “**Year**”), together with comparative figures for the last financial year (“**Year 2023**”) as follows.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2024

(Expressed in Hong Kong dollars (“**HK\$**”))

	<i>Notes</i>	2024 HK\$’000	2023 <i>HK\$’000</i>
Revenue	3	345,912	342,371
Cost of sales and services		<u>(248,656)</u>	<u>(257,190)</u>
Gross profit		97,256	85,181
Other income		12,825	6,496
Selling, general and administrative expenses		(48,392)	(51,745)
Share of results of an associate		(1,567)	(2,013)
Fair value changes on investment properties		(4,891)	(5,564)
Gain on disposal of subsidiary		–	11,882
Finance costs	4	<u>(2,185)</u>	<u>(2,514)</u>
Profit before taxation	5	53,046	41,723
Income tax	6	<u>(4,168)</u>	<u>(3,754)</u>
Profit for the year		<u>48,878</u>	<u>37,969</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONTINUED)

For the year ended 31 December 2024

(Expressed in HK\$)

	<i>Notes</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Attributable to:			
Equity holders of the Company		49,114	33,499
Non-controlling interests		<u>(236)</u>	<u>4,470</u>
Profit for the year		<u>48,878</u>	<u>37,969</u>
			<i>(Restated)</i>
Basic and diluted earnings per share	7	<u>HK11.66 cents</u>	<u>HK8.24 cents</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

(Expressed in HK\$)

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Profit for the year	<u>48,878</u>	<u>37,969</u>
Other comprehensive (loss) income		
<i>Items that are reclassified or may be reclassified subsequently to profit or loss:</i>		
– Exchange differences on translation of foreign operations	(15,909)	(17,718)
– Exchange difference on translation of share of other comprehensive income of an associate	(802)	(711)
– Release of exchange reserve upon disposal of a subsidiary	<u>–</u>	<u>(171)</u>
	<u>(16,711)</u>	<u>(18,600)</u>
Total comprehensive income for the year	<u><u>32,167</u></u>	<u><u>19,369</u></u>
Attributable to:		
– Equity holders of the Company	33,003	15,381
– Non-controlling interests	<u>(836)</u>	<u>3,988</u>
Total comprehensive income for the year	<u><u>32,167</u></u>	<u><u>19,369</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

(Expressed in HK\$)

	Notes	2024 HK\$'000	2023 HK\$'000
Non-current assets			
Goodwill		–	–
Property, plant and equipment		114,348	136,179
Investment properties		75,984	74,783
Right-of-use assets		25,585	25,142
Intangible assets		78	157
Investment in an associate		22,686	25,055
Prepayments, deposits and other receivables	8	–	26,200
Deferred tax assets		4,933	2,650
		<u>243,614</u>	<u>290,166</u>
Current assets			
Inventories		15,059	15,330
Trade receivables	9	158,467	90,362
Contract assets		16,854	41,826
Amount due from an associate		56,185	63,802
Prepayments, deposits and other receivables	8	54,114	41,093
Time deposits with original maturity over three months		–	70,784
Cash and cash equivalents		86,350	201,373
		<u>387,029</u>	<u>524,570</u>
Current liabilities			
Trade payables	10	32,570	30,071
Contract liabilities		29,683	26,820
Other payables		62,964	65,616
Tax payable		15,171	9,460
Lease liabilities		9,047	7,933
		<u>149,435</u>	<u>139,900</u>
Net current assets		<u>237,594</u>	<u>384,670</u>
Total assets less current liabilities		<u>481,208</u>	<u>674,836</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)*As at 31 December 2024**(Expressed in HK\$)*

	<i>Notes</i>	2024 HK\$'000	2023 <i>HK\$'000</i>
Non-current liabilities			
Lease liabilities		37,313	41,284
Deferred tax liabilities		10,344	11,416
		47,657	52,700
NET ASSETS		433,551	622,136
Capital and reserves			
Share capital	<i>11</i>	64,610	64,610
Perpetual convertible securities		55,668	296,274
Reserves		207,262	233,931
Equity attributable to equity holders of the Company		327,540	594,815
Perpetual bonds		80,000	–
Non-controlling interests		26,011	27,321
TOTAL EQUITY		433,551	622,136

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(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 Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

Pursuant to the Certificate of Incorporation on Change of Name issued by the Registrar of Companies in the Cayman Islands on 10 July 2024 and the Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company issued by the Registrar of Companies in Hong Kong on 1 August 2024, the name of the Company was changed from Orient Victory Smart Urban Services Holding Limited to Gangyu Smart Urban Services Holding Limited with effect from 10 July 2024.

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

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

The consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2023 consolidated financial statements except for the adoption of the following new/revised HKFRSs that are relevant to the Group and effective from the current year.

Adoption of new/revised HKFRSs

Amendments to HKAS 1: Classification of Liabilities as Current or Non-current

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.

The amendments have no effect on the measurement, recognition or presentation of any items in the consolidated financial statements.

Amendments to HKAS 1: Non-current Liabilities with Covenants

The amendments specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, the amendments require a company to disclose information about these covenants in the notes to the consolidated financial statements.

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

Amendments to HK Interpretation 5: Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

This interpretation is revised as a consequence of Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants to align the corresponding wordings with no change in conclusion.

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

Amendments to HKAS 7 and HKFRS 7: Supplier Finance Arrangements

The amendments introduce new disclosure requirements to enhance the transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk.

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

Amendments to HKFRS 16: Lease Liability in a Sale and Leaseback

The amendments require a seller-lessee to subsequently determine lease payments arising from a sale and leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease.

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

Future changes in HKFRSs

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

Amendments to HKAS 21	<i>Lack of Exchangeability</i> ¹
Amendments to HKFRS 9 and HKFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i> ²
Annual Improvements to HKFRSs	<i>Volume 11</i> ²
Amendments to HKFRS 9 and HKFRS 7	<i>Contracts Referencing Nature-dependent Electricity</i> ²
HKFRS 18	<i>Presentation and Disclosure in Financial Statements</i> ³
HKFRS 19	<i>Subsidiaries without Public Accountability: Disclosures</i> ³
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ⁴

¹ Effective for annual periods beginning on or after 1 January 2025

² Effective for annual periods beginning on or after 1 January 2026

³ Effective for annual periods beginning on or after 1 January 2027

⁴ The effective date to be determined

The Directors do not anticipate that the adoption of the new/revised HKFRSs in future periods will have any material impact on the results of the Group.

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 Year is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Revenue from contracts with customers within HKFRS 15, recognised over time:		
At fixed price		
– Property management service	181,650	158,461
– Marketing, event planning and consulting services	–	992
– Tourism attractions related income	<u>5,922</u>	<u>8,276</u>
	187,572	167,729
At variable price		
– Environmental hygiene services	<u>129,643</u>	<u>147,357</u>
	317,215	315,086
Revenue from other sources:		
– Rental income	<u>28,697</u>	<u>27,285</u>
	<u>345,912</u>	<u>342,371</u>

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

(b) Segment reporting

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

The Group's operating divisions are as follows:

Reportable segments:

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

(i) *Segment results, assets and liabilities*

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

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

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

	Property management		Environment hygiene		Integrated development		Diversified tourism products and services		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Disaggregated by timing of revenue recognition:										
– Over time	181,650	158,461	129,643	147,357	5,922	9,268	–	–	317,215	315,086
Rental income	28,697	27,285	–	–	–	–	–	–	28,697	27,285
Reportable segment revenue	<u>210,347</u>	<u>185,746</u>	<u>129,643</u>	<u>147,357</u>	<u>5,922</u>	<u>9,268</u>	<u>–</u>	<u>–</u>	<u>345,912</u>	<u>342,371</u>
Segment results	<u>37,980</u>	<u>41,043</u>	<u>26,712</u>	<u>8,412</u>	<u>(3,548)</u>	<u>(5,543)</u>	<u>80</u>	<u>14,527</u>	<u>61,224</u>	<u>58,439</u>
Corporate and other unallocated income and expenses, net									(5,993)	(14,202)
Finance costs									<u>(2,185)</u>	<u>(2,514)</u>
Profit before taxation									<u>53,046</u>	<u>41,723</u>
Segment assets	<u>180,284</u>	<u>158,415</u>	<u>160,792</u>	<u>149,598</u>	<u>197,203</u>	<u>228,532</u>	<u>1,595</u>	<u>4,005</u>	<u>539,874</u>	<u>540,550</u>
Corporate and other unallocated assets									<u>90,769</u>	<u>274,186</u>
Total assets									<u>630,643</u>	<u>814,736</u>
Segment liabilities	<u>125,112</u>	<u>114,406</u>	<u>41,816</u>	<u>47,033</u>	<u>24,199</u>	<u>27,210</u>	<u>605</u>	<u>936</u>	<u>191,732</u>	<u>189,585</u>
Corporate and other unallocated liabilities									<u>5,360</u>	<u>3,015</u>
Total liabilities									<u>197,092</u>	<u>192,600</u>

	Property management		Environment hygiene		Integrated development		Diversified tourism products and services		Corporate and other unallocated items		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Other segment information:												
Amortisation and depreciation	1,128	607	16,098	23,742	5,202	3,581	46	79	379	570	22,853	28,579
Capital expenditure	8,969	2,586	1,134	6,141	182	45	-	-	3,153	-	13,438	8,772
Fair value changes in investment properties	(4,891)	(5,564)	-	-	-	-	-	-	-	-	(4,891)	(5,564)
Loss on disposal of investment properties and lease liabilities, net	-	39	-	-	-	-	-	-	-	-	-	39
Gain on disposal of a subsidiary	-	-	-	-	-	-	-	11,882	-	-	-	11,882
Share of results of an associate	-	-	-	-	(1,567)	(2,013)	-	-	-	-	(1,567)	(2,013)
Provision for (Reversal of) bad debt of other receivables, recognised in selling, general and administrative expenses	-	262	-	-	136	131	-	(3,289)	-	(308)	136	(3,204)
Provision for (Reversal of) loss allowance on trade receivables, recognized in selling, general and administrative expenses	4,860	1,113	(667)	206	(1,684)	(314)	(695)	(352)	-	-	1,814	653
(Reversal of) Provision for loss allowance on contract assets, recognized in selling, general and administrative expenses	-	-	(1,049)	1,074	-	-	-	-	-	-	(1,049)	1,074
Direct operating expenses arising from investment properties that generated rental income	2,433	1,833	-	-	-	-	-	-	-	-	2,433	1,833
Write-off of property, plant and equipment	-	-	25	-	-	-	-	-	-	-	25	-

(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 investment in an associate and deferred tax assets). The geographical location of customers is based on the location at which the goods and services were sold or provided. The geographical location of the specified assets is based on the physical location of the assets or the location of the operations.

	Revenue from external customers		Non-current assets	
	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	-	-	4,234	1,460
Mainland China	345,912	342,371	211,761	261,001
	<u>345,912</u>	<u>342,371</u>	<u>215,995</u>	<u>262,461</u>

(iii) Information about major customers

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

	2024	2023
	HK\$'000	HK\$'000
Customer A (<i>Note</i>)	39,288	48,960
Customer B	79,178	75,997

Note: It represented the revenue generated from related companies controlled by Mr. Shi and Orient Victory Property Development Group Co., Ltd. (“OVPD”), which is 95% owned by Mr. Shi, under the property management segment (2023: property management segment and integrated development segment).

4 FINANCE COSTS

	2024	2023
	HK\$'000	HK\$'000
Interest on lease liabilities	2,161	2,463
Interest on other borrowings	–	51
Other interest expenses	24	–
	2,185	2,514

5 PROFIT BEFORE TAXATION

Profit before taxation is stated after charging (crediting):

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Staff costs, including Directors' emoluments		
Wages, salaries and other benefits	86,952	86,447
Contribution to defined contribution scheme	11,745	12,211
Equity-settled share-based payment expenses	73	315
	<u>98,770</u>	<u>98,973</u>
Other items		
Auditors' remuneration:		
– audit services	1,700	1,341
– non-audit services	32	190
Amortisation of intangible assets included in selling, general and administrative expenses	16	32
Depreciation included in costs of services and selling, general and administrative expenses (as appropriate):		
– property, plant and equipment	21,242	26,437
– right-of-use assets	1,595	2,110
Cost of inventories sold	51	88
Provision for (Reversal of) loss allowance		
– trade receivables	1,814	653
– contract assets	(1,049)	1,074
Loss on disposal of investment properties and lease liabilities, net	–	39
Write-off of property, plant and equipment	25	–
Direct operating expenses arising from investment properties that generated rental income	2,433	1,833
Provision for (Reversal of) bad debt of other receivables	136	(3,204)
Exchange gain, net	<u>(1,766)</u>	<u>(262)</u>

6 INCOME TAX

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current tax – PRC Enterprise Income Tax		
Current year	10,368	5,376
Overprovision in prior year	(1,737)	–
Deferred tax		
Reversal of tax losses and temporary differences	<u>(4,463)</u>	<u>(1,622)</u>
	<u>4,168</u>	<u>3,754</u>

Notes:

- (i) For the Year and Year 2023, Hong Kong Profits Tax has not been provided as the Group incurred losses for taxation purpose in Hong Kong for both years.
- (ii) 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.
- (iii) For the Year and Year 2023, 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 the PRC is calculated at a rate 25% (2023: 25%) on the estimated assessable profits for the year based on existing legislation, interpretations and practices in respect thereof.

7 EARNINGS PER SHARE

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Profit attributable to the equity holders of the Company	49,114	33,499
Distributions paid to the holders of perpetual convertible securities	(18,982)	(10,037)
Accrued distributions to the holders of perpetual convertible securities	<u>–</u>	<u>(2,100)</u>
	<u>30,132</u>	<u>21,362</u>

	2024	2023
	<i>Number of shares</i>	<i>Number of shares</i>
	<i>'000</i>	<i>'000</i>
		<i>(Restated)</i>
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	<u>258,442</u>	<u>258,442</u>

The weighted average number of ordinary shares for the calculation of the basic and diluted loss per share for the Year have been adjusted retrospectively to reflect the impact of share consolidation (the “**Share Consolidation**”) (note 11) during the Year.

The computation of diluted earnings per share for the Year and Year 2023 did not assume the conversion of the perpetual convertible securities and the issue of certain shares under the share award scheme since their assumed conversion and issue during the years would have an anti-dilutive effect on the basic earnings per share amount presented.

8 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

Pursuant to the sale and purchase agreements dated 20 January 2022 entered into between Hebei Qifuqianyue Real Estate Development Co., Ltd. (“**Qifuqianyue**”, which is owned as to 51% by Orient Victory Property Development Group Co., Ltd. (which is 95% owned by Mr. Shi) and Hebei Gangyu Smart Property Management Services Company Limited* (“**Gangyu PMS**”), Gangyu PMS acquired 47 commercial units located in Shijiazhuang City, Hebei Province, the PRC, (the “**Properties**”) for a total cash consideration of RMB22,876,000 (equivalent to approximately HK\$26,467,000) (the “**Consideration**”). The Consideration has been fully settled in January 2022. Pursuant to the announcement of 29 February 2024, it has been notified by Qifuqianyue that the development project would be delayed.

On 19 April 2024, a settlement agreement was entered between both parties, pursuant to which, the Group received 3 commercial properties, amounted to HK\$2,742,000, located in Shijiazhuang City, Hebei Province, the PRC, as compensation. All commercial properties are recognised as investment properties and have been leased out for rental income for the year ended 31 December 2024.

Since the Properties cannot be delivered on or before 31 December 2024, the management decided to terminate the transactions and ask for refund of Consideration from Qifuqianyue together with the penalty due to late delivery. The Consideration and penalty, amounted to HK\$26,500,000, has been received in January 2025.

9 TRADE RECEIVABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade receivables		
– From third parties	116,725	55,450
– From related companies in which Mr. Shi, a controlling shareholder of the Company and a former Director, has beneficial interest	<u>53,182</u>	<u>45,087</u>
	169,907	100,537
Loss allowance	<u>(11,440)</u>	<u>(10,175)</u>
	<u>158,467</u>	<u>90,362</u>

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:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within 90 days	62,001	38,492
91 to 180 days	34,769	23,077
181 to 365 days	48,986	23,237
Over 365 days	<u>12,711</u>	<u>5,556</u>
	<u>158,467</u>	<u>90,362</u>

Loss allowance on trade receivables of HK\$1,814,000 (2023: HK\$653,000) was recognised in profit or loss during the Year.

10 TRADE PAYABLES

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade payables		
– To third parties	31,797	29,892
– To related companies in which Mr. Shi, a controlling shareholder of the Company and a former Director, has beneficial interest	<u>773</u>	<u>179</u>
	<u>32,570</u>	<u>30,071</u>

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

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 90 days	12,659	13,495
91 to 180 days	5,304	2,515
181 to 365 days	4,396	3,173
Over 365 days	<u>10,211</u>	<u>10,888</u>
	<u>32,570</u>	<u>30,071</u>

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

11 SHARE CAPITAL

	2024		2023	
	Number of ordinary shares '000	HK\$'000	Number of ordinary shares '000	HK\$'000
Authorised:				
At the beginning of the year, ordinary shares of HK\$0.005 each	20,000,000	100,000	20,000,000	100,000
Less: Share consolidation (<i>note</i>)	<u>(19,600,000)</u>	—	—	—
At the end of the year, ordinary shares of HK\$0.25 (2023: HK\$0.005) each	<u>400,000</u>	<u>100,000</u>	<u>20,000,000</u>	<u>100,000</u>
Issued and fully paid:				
At the beginning of the year, ordinary shares of HK\$0.005 each	12,922,075	64,610	12,922,075	64,610
Less: Share consolidation (<i>note</i>)	<u>(12,663,633)</u>	—	—	—
At the end of the year, ordinary shares of HK\$0.25 (2023: HK\$0.005) each	<u>258,442</u>	<u>64,610</u>	<u>12,922,075</u>	<u>64,610</u>

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

12 DIVIDEND

The Board does not recommend the payment of a final dividend for the Year (2023: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

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

The Group significantly emphasises the “Maintaining Steady Economic Growth” (「持盈保泰」) strategy. The Group maintained sustained profitability by adopting a prudent investment and development strategy.

Industry Overview, Business Strategy and Business Review

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

After years of development, all reportable operating segments, except for the integrated development businesses and the diversified tourism products and services businesses, have become maturity. The Group has planned a steady expansion strategy, considering acquisitions or organic growth opportunities. However, this strategy has been hindered by challenges arising from the adverse change in the business environment, keen competition, and the recent economic slowdown in the PRC.

The Group recorded revenue of approximately HK\$345.9 million (2023: approximately HK\$342.4 million) for the Year, representing an increase of approximately 1.0% compared to Year 2023.

The Group recorded a profit for the Year, amounting to approximately HK\$48.9 million (2023: approximately HK\$38.0 million), representing an increase of approximately 28.7% compared to Year 2023.

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

Property Management Businesses

In recent years, the policies of the property management industry in the PRC mainly focused on establishing and improving a standardized management system, so as to promote the high-quality development of the property services industry. In order to enhance people’s demand for a better living environment and accelerate the development of the property service industry, it is necessary to promote the upgrading of property services towards higher quality and diversification, which is aligned with the overall direction of the “14th Five-Year Plan”.

The National Development and Reform Commission of the PRC issued the “Catalogue for the Guidance of Industrial Structure Adjustment (2024 Edition)”* with effective as of 1 February 2024, which stated that property management services are included in the encouraged business of service industry, marking the improvement of the industry’s positioning. The connotation of “good house and good service” is gradually clear, the standard of “good house” is safety, comfort, green and wisdom, and “good service” corresponds to high-quality property service and life service.

Gangyu PMS and its subsidiaries (“**Gangyu PMS Group**”) are the Group’s flagship companies on the property management operations, which possesses certifications of the ISO 9001 (Quality Management Systems), ISO 14001 (Environmental Management Systems) and ISO 45001 (Occupational Health and Safety Management Systems). Benefit from the comprehensive strength and service quality, Gangyu PMS won various awards during the Year, including but not limited to the following:

Awards	Awarding Institutions
2024 China’s Property Business Services Hundred Enterprises (二零二四中國物業企業服務力百強企業)	Cric (Shanghai) Information Technology Co., Limited (上海克而瑞資訊技術有限公司) and Beijing Zhongwu Research Association Information Technology Co., Ltd (北京中物研協資訊科技有限公司)
2024 Service Residential Benchmark Project* (二零二四年度服務力住宅標桿項目)	Cric (Shanghai) Information Technology Co., Limited (上海克而瑞資訊技術有限公司) and Beijing Zhongwu Research Association Information Technology Co., Ltd (北京中物研協資訊科技有限公司)

Awards	Awarding Institutions
2024 Service Public Construction Benchmark Project* (二零二四年度服務力公建標桿項目)	Cric (Shanghai) Information Technology Co., Limited (上海克而瑞資訊技術有限公司) and Beijing Zhongwu Research Association Information Technology Co., Ltd (北京中物研協資訊科技有限公司)
2024 Excellent Projects of China Property Management* (二零二四中國物業管理卓越標桿項目)	Cric (Shanghai) Information Technology Co., Limited (上海克而瑞資訊技術有限公司) and Beijing Zhongwu Research Association Information Technology Co., Ltd (北京中物研協資訊科技有限公司)
2024 Environmental Hygiene Work Outstanding Team in Zhangjiakou City*(張家口市二零二四年度環境衛生工作优秀班組)	Zhangjiakou City Urban Administrative and Law Enforcement Bureau* (張家口市城市管理綜合行政執法局)
2024 Leading Companies in Property Management Industry in Hebei Province* (二零二四年度河北省物業管理行業先進單位)	Hebei Property Management Institute* (河北省物業管理行業協會)
2024 Famous Provincial Capital Brand on Property Management in Shijiazhuang City* (二零二四年度石家莊市物業管理省會知名品牌)	Shijiazhuang City Property Management Association* (石家莊市物業管理協會)

During the Year, apart from improving the service quality of its existing projects, Gangyu PMS Group put effort into operating scale expansion and diversity in its property management portfolio. As at 31 December 2024, Gangyu PMS Group had a total contracted gross floor area of approximately 8.5 million square meters (2023: approximately 11.8 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. One of the projects that expired during the Year was a big resort area in Shijiazhuang City, Hebei Province, the PRC, which covered approximately 3.6 million square meters, resulted in a decrease in total gross floor area of the property management projects. On the other hand, a full-year income generated from certain secured projects in 2023 and an increase in number of secured projects during the Year, which led to an increase in the Group's property management income during the Year, indicating that the Group had successfully expanded its property management portfolio and generated additional revenue. By diversifying its portfolio, the Group maintained a more stable and sustainable income stream.

To further expand the Group's scale of leasing-related services, the subsidiary of the Company, namely Gangyu PMS entered into the Agreements with Qifuqianyue, which is owned as to 51% by OVPD (which in turn is 95% owned by Mr. Shi)) to acquire 47 commercial units of Zijingyuehe Centre with an estimated aggregate gross floor area of approximately 2,563 square meters located at 17th Floor and 18th Floor, building no.1 Zijingyuehe Centre (South zone), 2 Fengya Road, Changan District, Shijiazhuang City, Hebei Province, the PRC (中國河北省石家莊市長安區豐雅路2號紫晶悅和中心南區). The delivery of the Properties was expected to be completed on or before 31 December 2023 ("**Scheduled Completion Date**"), and the Group planned to operate the Zijingyuehe Centre Properties under operating lease arrangements. Due to the impact of the COVID-19 pandemic and the environmental protection policy in the PRC, the Scheduled Completion Date was affected and postponed to a date on or before 31 December 2024. However, given that Qifuqianyue had been unable to deliver the Properties to the Group on or before the new delivery date due to the uncertainty about the completion date of the development of which the Properties form part resulting from the environmental protection policy in the PRC, Qifuqianyue and Gangyu PMS entered into the Deed of Termination, pursuant to which the parties have mutually agreed to terminate the Agreements with immediate effect, and Qifuqianyue shall, within 15 business days after the effective date of the termination, fully return the consideration paid, approximately RMB22.9 million (equivalent to approximately HK\$24.3 million), and make such other payments (if any) as provided in the Agreements.

For further details of the acquisition of the Properties, please refer to the Company's announcements dated 20 January 2022, 21 January 2022, 2 January 2024, and 29 February 2024.

OVPD and its subsidiaries have provided the Group with a business opportunity in relation to property management services for their real estate projects. On 1 December 2021, the Company and OVPD entered into a framework agreement, pursuant to which OVPD agreed to appoint the Group for the provision of the property management services and the commercial properties and merchants' management services for a term commencing on 1 December 2021 and ending on 31 December 2023, which allowed the Group to operate its property management businesses. The services constituted continuing connected transactions of the Company under Chapter 14A of the Listing Rules, and the independent Shareholders approved the relevant framework agreement and transactions contemplated thereunder by way of poll at the extraordinary general meeting held on 16 March 2022.

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

During the Year, relevant services provided to OVPD and its subsidiaries contributed revenue of approximately HK\$39.3 million (2023: approximately HK\$48.0 million) to the Group.

With the Group's effort in developing its property management businesses, during the Year, the Group recorded revenue from property management businesses, including property management services and rental income, of approximately HK\$210.3 million (2023: approximately HK\$185.7 million), representing an increase of approximately 13.2%.

Environmental Hygiene Businesses

In order to ensure environmental protection is coordinated with economic development, the Chinese government has incorporated environmental protection into the national economic and social development plan, and promoted the green and intelligent transformation of the sanitation industry in an all-round way. In 2024, the Chinese government implemented various policies and measures to support the environmental hygiene industry, including promoting the investment and construction of urban and rural environmental protection infrastructures, intensifying efforts on reforming government procurement services in key areas such as urban and rural community public services and public health services, speeding up the improvement of garbage collection and treatment system to facilitate the construction of smart garbage sorting facilities. The Group continued to upgrade its environmental hygiene service portfolio to meet customers' needs by incorporating advanced cleaning technologies and adopting more efficient and sustainable practices. The Group continued providing comprehensive cleaning, maintenance, and waste management solutions.

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

During the Year, revenue from the environmental hygiene business segment recorded a decrease as compared to Year 2023, mainly attributable to the decrease in sporadic contracts (services provided under non-tender contracts) during the Year when compared to Year 2023 and the expiration of an environmental hygiene services project of the Group in Hebei Province, the PRC, in the second quarter of 2024. On the other hand, the improvement in the Group's ability to meet the customers' stringent service standards reviewed by PRC government departments resulted in lowering the penalty and partially offset the decrease in the Group's contracted revenue during the Year.

During the Year, the Group recorded revenue of approximately HK\$129.6 million from its environmental hygiene services businesses (2023: approximately HK\$147.4 million). The Group has lowered direct labour costs and operational costs through improved personnel optimization, outsourcing some tasks to subcontractor to process, cost-saving measures, which made a significant improvement in gross profit margins in the environmental hygiene service businesses during the Year.

The Group encountered challenges in collecting customer service fees during the Year, which was delayed due to the ongoing economic situation in the PRC. The prolonged collection cycle of accounts receivables, particularly from government sector customers, had significantly affected the Group's cash flow. However, in 2024, the Hebei provincial government held a dedicated urban management meeting, where it mandated all local city, county, and district governments to prioritize and ensure timely payment of fees for key environmental hygiene services, including garbage collection, transfer, treatment, and wastewater treatment. This initiative is designed to alleviate the financial burdens and cash flow challenges of the Group, although it may require some time before the benefits of this policy become apparent.

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

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

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

Integrated Development Businesses

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

(a) Tourism attractions related income

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

In 2024, Tu Men Travel recorded a revenue of approximately HK\$5.9 million (2023: approximately HK\$8.3 million). The decline in revenue for Tu Men Travel can be attributed to adverse weather conditions, high vacancy rates in the shopping arcade, increased competition from nearby villagers' autonomous businesses, and a lack of distinct and competitive offerings from certain merchants. These combined factors drove the decrease in revenue during the Year.

Tu Men Travel's gross profit for the Year amounted to approximately HK\$5.0 million (2023: approximately HK\$7.3 million). The decrease in the gross profit was due to the decrease in revenue during the Year.

Overall, the Group's involvement in tourism and cultural spot management aligned with the government's development plans and aimed to capitalize on the region's cultural and ecological advantages to improve the profitability of the integrated development businesses.

The Group also engaged in the development of tourism-related facilities in the PRC. During the Year, a piece of land located at Lot No. 2018-48, Dongtumen Village, Bailuquanxiang, Luquan District, Shijiazhuang City, Hebei Province, the PRC, with an aggregate site area of 14,637 square meters, was under the planning stage and was recognised as inventories in the Group's consolidated financial statements as at 31 December 2024 in the carrying amount of approximately HK\$14.9 million (2023: approximately HK\$15.1 million).

Pursuant to an agreement dated 28 October 2021 entered into between the Group and local government authority, a piece of land in Shijiazhuang City, Hebei Province, the PRC, with an aggregate site area of approximately 21,647 square meters, which was recognised as inventories in the consolidated financial statements as at 31 December 2020 in the carrying amount of approximately HK\$102.3 million, was returned to the local government in 2021 for the consideration of approximately RMB85.0 million (equivalent to approximately HK\$102.2 million). As at 31 December 2024, the receivable balance from the government authority amounted to approximately RMB3.5 million (2023: RMB10.0 million), equivalent to approximately HK\$3.7 million (2023: approximately HK\$11.0 million), which is expected to be received on or before June 2025.

(b) Marketing, event planning and consulting services

Due to the shift in sales and marketing strategy of OVPD and its subsidiaries, which were the major customers for the marketing, event planning and consulting services, since 2023, the demand for marketing, event planning, and consulting services from the Group has experienced a substantial decline.

During the Year, the Group did not record any revenue (2023: approximately HK\$1.0 million) from marketing, event planning and consulting services.

Diversified Tourism Products and Services Businesses

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

As the Group focused on other businesses, such as property management and environmental hygiene, no revenue in this segment was recorded by the Group in 2023 and 2024. Given the resumption of outbound travel in the PRC, the Group will reassess the surrounding business environment and make appropriate arrangements for this business segment to achieve the best interest of the Company and its Shareholders as a whole.

Future Outlook

Looking forward, the Group is committed to upholding its social responsibility by providing customers with high-quality services that contribute to a better quality of life. Simultaneously, the Group aims to enhance its brand value through these efforts. To safeguard the stability of the revenue stream and foster sustainable growth, the Group prioritized selecting high-quality projects and it retained customers with a timely payment history.

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

The Group also explores potential collaborations with target customers through profit-sharing arrangements or acquires controlling stakes from them to enhance its investment portfolio and drive returns.

In terms of business expansion, the Group is actively seeking acquisition opportunities, specifically targeting the property management, tourism, and environmental services sectors. The Group also plans to acquire commercial and residential properties for leasing in order to enrich the properties leasing portfolio and enlarge the stable revenue stream from leasing.

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

Financial Review

Property Management Businesses

The details of the business performance of the property management businesses are set out in the section headed "Property Management Businesses" under "Industry Overview, Business Strategy and Business Review" in "Management Discussion and Analysis".

Benefit from the business development and performance of property management segment, the Group recorded revenue from property management and leasing services of approximately HK\$210.3 million (2023: approximately HK\$185.7 million) during the Year, representing an increase of approximately 13.2% compared to the corresponding period of Year 2023.

Environmental Hygiene Businesses

The details of the business performance of the environmental hygiene businesses are set out in the section headed "Environmental Hygiene Businesses" under "Industry Overview, Business Strategy and Business Review" in "Management Discussion and Analysis".

During the Year, the improvement in the Group's ability to meet the customers' stringent service standards reviewed by PRC government departments resulted in lowering the penalty and partially offset the decrease in the Group's revenue of the sporadic contracts from the environmental hygiene businesses.

The Group recorded revenue of approximately HK\$129.6 million (2023: approximately HK\$147.4 million) from its environmental hygiene services businesses during the Year, representing a decrease of approximately 12.1% compared to the corresponding period of Year 2023.

Integrated Development Businesses

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

Due to unfavorable factors such as intensified competition, the scale of the tourism attractions-related business has been reduced. The Group recorded revenue from tourism attractions related income of approximately HK\$5.9 million (2023: approximately HK\$8.3 million) during the Year, representing a decrease of approximately 28.9% compared to Year 2023.

Due to the changing of sales and marketing strategy of OVPD, the Group did not record any revenue from marketing event planning and consulting services during the Year (2023: approximately HK\$1.0 million).

Diversified Tourism Products and Services Businesses

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

As the Group focused on other businesses, such as property management and environmental hygiene, no revenue in this segment was recorded by the Group during the Year and Year 2023. Given the resumption of outbound travel in the PRC, the Group will reassess the surrounding business environment and make appropriate arrangements for this business segment to achieve the best interest of the Company and its Shareholders as a whole.

Financial Analysis

Operating Performance

Analysis by nature of revenue:

	2024		2023	
	HK\$'000	%	HK\$'000	%
Property management businesses:				
Property management and leasing-related services	<u>210,347</u>	<u>60.8</u>	<u>185,746</u>	<u>54.3</u>
Environmental hygiene businesses:				
Environmental hygiene services	<u>129,643</u>	<u>37.5</u>	<u>147,357</u>	<u>43.0</u>
Integrated development businesses:				
Marketing, event planning and consulting services	<u>–</u>	<u>–</u>	<u>992</u>	<u>0.3</u>
Tourism attractions-related income	<u>5,922</u>	<u>1.7</u>	<u>8,276</u>	<u>2.4</u>
Sub-total	<u>5,922</u>	<u>1.7</u>	<u>9,268</u>	<u>2.7</u>
Total	<u><u>345,912</u></u>	<u><u>100.0</u></u>	<u><u>342,371</u></u>	<u><u>100.0</u></u>

The Group recorded revenue of approximately HK\$345.9 million (2023: approximately HK\$342.4 million) for the Year, representing an increase of approximately 1.0% compared to Year 2023.

The Group recorded revenue from property management businesses increased by approximately HK\$24.6 million during the Year as compared to Year 2023. It was mainly attributable a full-year income generated from certain secured projects in 2023 and more new projects secured during the Year.

The Group recorded revenue from the environmental hygiene businesses decreased by approximately HK\$17.8 million as compared to Year 2023. The decrease in revenue from the environmental hygiene businesses during the Year was due to the decrease in sporadic contracts (services provided under non-tender contracts) during the Year when compared to Year 2023 and the expiration of an environmental hygiene services project of the Group in the second quarter of 2024.

The decline in revenue from the Group's integrated development businesses was due to (i) no revenue (2023: approximately HK\$1.0 million) generated from the marketing, event planning, and consulting services by the Group during the Year as changes in OVPD's sales and marketing strategy since 2023 and (ii) the adverse weather conditions and keen competition from nearby villagers' autonomous businesses in Tu Men Travel. In 2024, the Group recorded revenue from tourism attraction-related activities from Tu Men Travel amounted to approximately HK\$5.9 million (2023: approximately HK\$8.3 million).

Gross profit and gross profit margin

The Group recorded a gross profit of approximately HK\$97.3 million for the Year (2023: approximately HK\$85.2 million). The Group's overall gross profit improved for the Year as compared to Year 2023. The significant increase in the gross profit from the environmental hygiene businesses was partially offset by the drop of gross profit from the integrated development businesses. The gross profit margin increased by approximately 3.2 percentage points from approximately 24.9% for the Year 2023 to approximately 28.1% for the Year.

The property management businesses recorded a slight increase in gross profit by approximately HK\$1.9 million from approximately HK\$58.0 million for the Year 2023 to approximately HK\$59.9 million for the Year. The Group also recorded a slight decrease in gross profit margin by approximately 2.7 percentage points from approximately 31.2% for the Year 2023 to approximately 28.5% for the Year. The decrease in the gross profit margin in the property management businesses were attributable to the competitive bidding price on new projects, primarily in the public facilities projects for the Year.

The environmental hygiene businesses recorded an increase in gross profit by approximately HK\$12.6 million from approximately HK\$19.8 million for the Year 2023 to approximately HK\$32.4 million for the Year. The Group also recorded an increase in the gross profit margin by approximately 11.5 percentage points from approximately 13.5% for the Year 2023 to approximately 25.0% for the Year. The significant improvement in the gross profit margin in the environmental hygiene business was primarily due to the reduction of direct labour costs and operational costs through improved personnel optimization, outsourcing some tasks to subcontractor to process and introduced cost-saving measures in the Year.

The integrated development businesses recorded a decrease in gross profit by approximately HK\$2.4 million from approximately HK\$7.4 million for the Year 2023 to approximately HK\$5.0 million for the Year. The Group also recorded an increase in the gross profit margin by approximately 5.8 percentage points from approximately 79.2% for the Year 2023 to approximately 85.0% for the Year. The change in the gross profit margin in the integrated development businesses was due to no operations in marketing, event planning, and consulting services for the Year. Furthermore, the efficient utilization of resources in Tu Men Travel improved the gross profit margin within the integrated development businesses during the Year.

Profit for the Year

Profit for the Year amounted to approximately HK\$48.9 million (2023: approximately HK\$38.0 million). Except for the factors mentioned above that impacted the Group's profit for the Year, the increase in profit for the Year was mainly attributable to (i) the improvement in gross profit of the Group of approximately HK\$12.1 million; (ii) compensations received by the Group in the aggregate sum of approximately RMB4.6 million (equivalent to approximately HK\$5.0 million) for the termination of the acquisition of 47 commercial units located in Shijiazhuang City, Hebei Province, the PRC and the delay of delivery of the Properties; and (iii) effective cost control measures to reduce the selling, general and administrative expenses, contributed to the profit of the Group for the Year, despite that, unlike in 2023, no gain on disposal of a subsidiary was recorded for the Year.

Assets Structure

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

- i. Property, plant and equipment, and right-of-use assets of approximately HK\$139.9 million (2023: approximately HK\$161.3 million) as at 31 December 2024, in aggregate, mainly represented (i) properties and other equipment of the tourist attraction and cultural spot owned by Tu Men Travel in the net carrying amount of approximately HK\$103.0 million (2023: approximately HK\$110.0 million); and (ii) vehicles and other equipment of the Group's environmental hygiene businesses in the net carrying amount of approximately HK\$29.6 million (2023: approximately HK\$45.9 million), which were mainly acquired to cope with the Group's environmental hygiene operating projects.
- ii. Investment properties of approximately HK\$76.0 million (2023: approximately HK\$74.8 million) as at 31 December 2024 mainly represented fair values of the right-of-use assets of commercial properties located in Shijiazhuang City, Hebei Province, the PRC of approximately HK\$73.7 million (2023: approximately HK\$74.8 million) leased by the Group from property owners to earn rentals.

- iii. Investment in an associate of approximately HK\$22.7 million (2023: approximately HK\$25.1 million) as at 31 December 2024 represented the Group's 40% equity interest in Zhangjiakou Dakun Zhifang Real Estate Development Co., Limited* (張家口大坤直方房地產開發有限公司) (“**Dakun Zhifang**”). Dakun Zhifang owns a piece of land located at Wanlong Road, Huangtuzui Village, Xiwanzi Town, Chongli District, Zhangjiakou City, Hebei Province, the PRC with an aggregate area of 79,039 square meters, which was under preliminary development stage (the “**Development Project**”) with “Certificate of Permitting Construction and Engineering Planning*” (“**建設工程規劃許可證**”) obtained in September 2021, and was recognised as investment properties and inventories in the books of Dakun Zhifang as at 31 December 2024 in the carrying amounts of approximately HK\$112.6 million and approximately HK\$90.7 million respectively (2023: approximately HK\$121.4 million and approximately HK\$93.5 million respectively).

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

As at 31 December 2024, amount due from Dakun Zhifang (the “**Advances**”, which were made when Dakun Zhifang was a subsidiary of the Company) was approximately HK\$56.2 million (2023: approximately HK\$63.8 million), which were non-interest-bearing demand loan.

- iv. Inventories of approximately HK\$15.1 million (2023: approximately HK\$15.3 million) as at 31 December 2024 mainly represented the carrying amount of a piece of land in Shijiazhuang City, Hebei Province, the PRC with an aggregate area of 14,637 square meters under planning stage of approximately HK\$14.9 million (2023: approximately HK\$15.1 million).
- v. Trade receivables of approximately HK\$158.5 million (2023: approximately HK\$90.4 million) as at 31 December 2024 were derived from (i) the property management segment of approximately HK\$52.3 million (2023: approximately HK\$42.8 million), (ii) the environmental hygiene segment of approximately HK\$103.7 million (2023: approximately HK\$44.5 million), and (iii) the marketing, event planning and consulting services under the integrated development segment of approximately HK\$2.5 million (2023: approximately HK\$3.1 million). The significant increase in the trade receivables balance of the Group was primarily a result of certain customers in the environmental hygiene and property management sectors delaying their payments due to their cash flow challenges.

- vi. Contract assets of approximately HK\$16.9 million (2023: approximately 41.8 million) as at 31 December 2024 are trade receivables that still need to be invoiced, specifically from customers which were government authorities in the environmental hygiene businesses as they maintain stringent procedures to validate the work performed by the Group. Upon customer confirmation of the service quality and completion of the service provided by the Group, invoices will be issued to these customers. Subsequently, these invoiced receivables will be classified as trade receivables.

- vii. Prepayments, deposits and other receivables and amount due from an associate of approximately HK\$110.3 million (2023: approximately HK\$131.1 million) as at 31 December 2024 mainly represented by (i) the Advances of approximately HK\$56.2 million (2023: approximately HK\$63.8 million); (ii) the aggregate of the consideration paid and the compensation for the termination of the acquisition of 47 commercial units from Zijingyuehe Centre, located at 17th Floor and 18th Floor, building number 1 Zijingyuehe Centre (South Zone), 2 Fengya Road, Changan District, Shijiazhuang City, Hebei Province, the PRC (中國河北省石家莊市長安區豐雅路2號紫晶悅和中心南區) of approximately HK\$26.5 million (2023: approximately HK\$25.1 million, which was the consideration paid and grouped under non-current asset as at 31 December 2023); and (iii) receivables of approximately HK\$3.8 million (2023: approximately HK\$11.0 million) for the return of the piece of land in Shijiazhuang City, Hebei Province, the PRC (“**Receivables from the Expropriation of Shijiazhuang Land**”) with an aggregate area of approximately 21,647 square meters.

Throughout the Year, the decrease in balance was mainly due to receiving (i) approximately HK\$7.6 million from Advances; (ii) RMB6.5 million (equivalent to approximately HK\$7.2 million) for the return of the Receivables from the Expropriation of Shijiazhuang Land; (iii) refund of a deposit approximately HK\$6.6 million from a customer.

- viii. Time deposits with original maturity over three months and cash and cash equivalents were approximately HK\$86.4 million (2023: approximately HK\$272.2 million) as at 31 December 2024. The significant decrease was mainly attributable to the combined effect of (i) the redemption of perpetual convertible securities of approximately HK\$184.3 million; (ii) the distributions paid to the holders of perpetual convertible securities of approximately HK\$35.8 million; and (iii) the payment for the acquisition of property, plant and equipment of the Group of approximately HK\$2.1 million during the Year. However, the decrease was narrowed by the receipt of (i) HK\$7.6 million from Advances; (ii) RMB6.5 million (equivalent to approximately HK\$7.2 million) for the return of the Receivables from the Expropriation of Shijiazhuang Land; (iii) refund of a deposit approximately HK\$6.6 million from a customer.

Liabilities Structure

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

- i. Trade payables and contract liabilities of approximately HK\$62.3 million (2023: approximately HK\$56.9 million) as at 31 December 2024 were derived from (i) the property management segment of approximately HK\$38.3 million (2023: approximately HK\$34.5 million), (ii) the environmental hygiene segment of approximately HK\$18.2 million (2023: approximately HK\$13.7 million), and (iii) the marketing, event planning and consulting services under the integrated development segment of approximately HK\$5.8 million (2023: approximately HK\$8.3 million). The increase in these trade payables and contract liabilities was primarily due to increase in the environmental hygiene segment and the property management segment throughout the Year.
- ii. Other payables of approximately HK\$63.0 million (2023: approximately HK\$65.6 million) as at 31 December 2024 mainly derived from (i) the property management segment of approximately HK\$26.9 million (2023: approximately HK\$17.0 million), which mainly comprised receipts in advance and deposits received from customers and accrued salaries and retirement contributions, (ii) the environment hygiene segment of approximately HK\$17.7million (2023: approximately HK\$29.4 million), which mainly comprised accrued salaries and retirement contributions and the receipts in advance from customers and (iii) the integrated development segment of approximately HK\$15.0 million (2023: approximately HK\$15.0 million), which mainly comprised the land and construction costs payable and consideration payable regarding the acquisition of Tu Men Travel.
- iii. Lease liabilities of approximately HK\$46.4 million (2023: approximately HK\$49.2 million) as at 31 December 2024 were mainly comprised of (i) lease liabilities of the right-of-use assets of approximately HK\$45.5 million (2023: approximately HK\$46.5 million) of commercial properties located in Shijiazhuang City, Hebei Province, the PRC leased by the Group from property owners to earn rentals and (ii) the obligation under finance lease of the machinery and equipment of approximately HK\$0.9 million (2023: approximately HK\$2.7 million) under the environmental hygiene segment.

Liquidity and Financial Resources

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

As at 31 December 2024, the Group had a current ratio (calculated by dividing current assets by the current liabilities) of approximately 2.6 (2023: approximately 3.8).

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

Capital Structure

The capital structure of the Group as at 31 December 2024 are summarised as follows:

As at 31 December 2024, the Company had 258,441,510 (2023: 258,441,510) ordinary shares (adjusted as a result of the Share Consolidation) in issue with total shareholders' equity of the Group amounted to approximately HK\$327.5 million (2023: approximately HK\$594.8 million).

Share Consolidation and Change of Board Lot Size

On 31 October 2024, the Board proposed the consolidation of every fifty (50) issued and unissued then existing shares of par value HK\$0.005 each in the share capital of the Company into one (1) consolidated share of par value HK\$0.25 each (the "**Consolidated Share(s)**") and the change in board lot size for trading on the Stock Exchange from 10,000 then existing shares to 2,000 Consolidated Shares.

On 2 December 2024, the Shareholders approved the Share Consolidation at the extraordinary general meeting, and the Share Consolidation became effective on 4 December 2024.

Immediately after the Share Consolidation which became effective on 4 December 2024, the authorised share capital of the Company became HK\$100,000,000 and divided into 400,000,000 Consolidated Shares of par value HK\$0.25 each, of which 258,441,510 Consolidated Shares were in issue as fully paid or credited as fully paid and the board lot size for trading on the Stock Exchange became 2,000 Consolidated Shares.

For details, please refer to announcements of the Company dated 31 October 2024 and 2 December 2024 and the circular of the Company dated 11 November 2024.

Perpetual convertible securities

On 30 March 2016, the Company issued perpetual convertible securities in an aggregate principal amount of HK\$170,000,000 (312,729,948 units) (the “**2016 March PCS**”). The net proceeds of HK\$155,668,000 were recorded as equity. The Group pledged the entire equity interest in Hua Yu New Life Services (Shenzhen) Company Limited (formerly named Shenzhen Dong Sheng Hua Yu Commercial Management Company Limited), an indirect wholly-owned subsidiary of the Company, and the entire issued share capital of Donghui Hong Kong Holdings Limited, an indirect wholly-owned subsidiary of the Company, to secure the issue of the 2016 March PCS (the “**Pledges**”).

On 24 October 2016, the Company issued perpetual convertible securities in an aggregate principal amount of HK\$264,867,000 (2,069,272,901 units) (the “**2016 October PCS**”, together with the 2016 March PCS, the “**PCS**”). The amount of HK\$240,888,000 were recorded as equity.

The PCS have no fixed redemption dates. The Company may at its option redeem in whole for the 2016 October PCS or in whole or in part for the 2016 March PCS. Distributions at a rate of 6% per annum shall be payable on the PCS semi-annually. Such scheduled distribution under the 2016 March PCS and the 2016 October PCS may be deferred or cancelled respectively at the sole discretion of the Company unless compulsory distribution payment events (including a discretionary dividend to ordinary shareholders of the Company or repaying any securities of lower rank or early redemption of securities prior to its stated maturity) has occurred. Any deferred distribution under the 2016 March PCS shall constitute arrears of distribution and shall be cumulative whereas any distributions that are cancelled under the 2016 October PCS shall be non-cumulative. Distributions can be in the form of cash or other instruments, like ordinary shares, at the Company’s discretion.

2016 October PCS

In 2017 and 2018, the principal amount of HK\$170,000 (1,330,000 units) and HK\$128,000 (1,000,000 units) of the 2016 October PCS have been converted into ordinary shares in the Company respectively. In September 2023, the Pledges were released.

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

On 24 October 2024, save that (i) approximately HK\$144,028,000 has been booked as an amount due to a controlling shareholder (the “**Amount Due to a Controlling Shareholder**”) of the Company, who was the largest holder of the 2016 October PCS; and (ii) approximately HK\$15 in total has remained unclaimed by several holders, the whole principal amount of the 2016 October PCS were settled in cash. Subsequently, the Amount Due to a Controlling Shareholder has been fully settled (a) by cash in the sum of approximately HK\$63,726,000; (b) by the issuance of the perpetual bonds in the principal amount of HK\$80,000,000 (the “**Perpetual Bonds**”) by the Company; and (c) by offsetting the amount of approximately HK\$302,000 due from such controlling shareholder. As at 31 December 2024, there was no outstanding 2016 October PCS.

2016 March PCS

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

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

As at 31 December 2024, the 2016 March PCS are convertible at the option of the holders into a maximum of 2,575,423 ordinary shares in the Company at the adjusted conversion price of HK\$27.18 (after the Share Consolidation becoming effective) per ordinary share of the Company.

Perpetual Bonds

In December 2024, the Company entered into a subscription agreement (the “**Subscription Agreement**”) with a controlling shareholder of the Company (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\$80.0 million.

The Company issued the Perpetual Bonds to the Subscriber in December 2024. The subscription price of the Perpetual Bonds was satisfied by the Subscriber by way of set-off of the debt in the amount of HK\$80.0 million owed by the Company to the Subscriber.

The Perpetual Bonds confer a right on the holder to receive distributions at a distribution rate of 5.4% per annum, which shall be payable annually in arrears. The Company may, at its sole discretion, elect to cancel any scheduled distributions and distributions that are cancelled shall be non-cumulative. The Perpetual Bonds have no fixed redemption date and are redeemable either in full or in part at the option of the Company at the outstanding principal amount of the Perpetual Bonds to be redeemed together with any distribution accrued to the date fixed for redemption.

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

Foreign Exchange Exposure

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

Capital Commitment

As at 31 December 2024, the Group had capital commitment relating to the investment in an equity security of approximately HK\$15.9 million (2023: approximately HK\$16.5 million).

Material Acquisition, Investments and Disposal

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

Pledge of Assets

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

Material Contingent Liabilities

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

Number and Remuneration of Employees

As at 31 December 2024, the total number of employees of the Group was approximately 2,100 (2023: approximately 2,200). Staff costs (including Directors' emoluments) of approximately HK\$98.8 million (2023: approximately HK\$99.0 million) were incurred during the Year.

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

Final Dividend

The Board has resolved not to recommend the payment of a final dividend for the Year (2023: Nil).

Event after the Reporting Period

The Directors are not aware of any material event of the Group that has taken place subsequent to 31 December 2024 and up to the date of this announcement.

CORPORATE GOVERNANCE

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

Under code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and not be performed by the same individual. Despite that Mr. Shi (the former chairman and chief executive officer) and Mr. Mo Yueming (the current chairman and chief executive officer), who took on the positions of chairman and the chief executive officer of the Company throughout the Year, all major decisions were made after the consultation with the Board. The Board considers that there is a sufficient balance of power, and the current corporate arrangement maintains a strong management position of the Company sufficiently.

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as its own code of conduct for dealings in securities of the Company by the Directors. Specific enquiries have been made with all the Directors, who have confirmed that they complied with the required standards as set out in the Model Code throughout the Year.

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

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

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company’s listed securities during the Year.

SIGNIFICANT CHANGES IN CONSTITUTIONAL DOCUMENTS

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

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

AUDIT COMMITTEE AND REVIEW OF ANNUAL RESULTS

The Company has established an 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. Swei Feng-jih (being the chairman of the Audit Committee), Mr. He Qi, and Mr. Lin Hua Rong, Harry. The Audit Committee is primarily responsible for reviewing and providing supervision over the financial reporting procedure and internal control of the Group. The annual results of the Group for the Year 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.

SCOPE OF WORK OF FORVIS MAZARS CPA LIMITED

The figures in respect of the Company’s consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the Year as set out in the preliminary announcement have been agreed by the Company’s auditor, Forvis Mazars CPA Limited (“**Forvis Mazars**”), to the amounts set out in the Company’s draft consolidated financial statements for the Year.

The work performed by Forvis Mazars in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no opinion or assurance conclusion has been expressed by Forvis Mazars on the preliminary announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the websites of the Company (www.gycsfw.com.cn) and Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk). The annual report of the Company for the Year containing all the information required by the Listing Rules will be despatched to the Shareholders and made available on the abovementioned websites in due course.

APPRECIATION

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

By order of the Board

Gangyu Smart Urban Services Holding Limited

Mo Yueming

Chairman, Chief Executive Officer and Executive Director

Hong Kong, 26 March 2025

As at the date of this announcement, the Board comprises three executive Directors, being Mr. Mo Yueming, Ms. Hao Ying and Mr. Xue Fei and three independent non-executive Directors, being Mr. He Qi, Mr. Sui Feng-jih and Mr. Lin Hua Rong, Harry.

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