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## **ORIENT VICTORY TRAVEL GROUP COMPANY LIMITED**

### **東勝旅遊集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 265)**

## **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2021**

### **HIGHLIGHTS:**

- The Group recorded revenue of approximately HK\$142.3 million (2020: approximately HK\$162.4 million (restated)) for the Year, representing a decrease of approximately 12% as compared to the corresponding period of last year. As a result of the Pandemic, revenue from the diversified tourism products and services businesses and the operation and management of tourist attraction and cultural spot of the integrated development businesses were inevitably affected. Nevertheless, as a result of the completion of the acquisitions of Dongsheng PMS in May 2021 and Kinyoun International in August 2021, the Group's revenue from the property management businesses, which served as one of the Group's alternative business drives, contributed revenue of approximately HK\$74.2 million (2020: nil).
- Loss for the Year attributable to the equity shareholders of the Company for continuing operations was approximately HK\$16.6 million (2020: approximately HK\$38.0 million (restated)), representing a decrease of approximately 56% as compared to the corresponding period of last year, which was mainly attributable to the recognition of impairment of goodwill attributable to the businesses of Jinlv Shidai and Tu Men Travel in an aggregate amount of approximately HK\$15.4 million during the year ended 31 December 2020, and the decrease in finance costs in connection with interest-free loans from non-controlling shareholders of a subsidiary of approximately HK\$9.6 million owing to the settlement of respective loans in 2020.
- Basic and diluted loss per share from continuing operations attributable to the equity shareholders of the Company for the Year was approximately HK0.22 cent (2020: approximately HK0.32 cent (restated)).
- The Board does not recommend the payment of a final dividend for the Year (2020: nil).

The board (the “**Board**”) of directors (the “**Director(s)**”) of Orient Victory Travel Group Company Limited (the “**Company**”) hereby announces the consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2021 (the “**Year**”), together with comparative figures for the last financial year as follows.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2021

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

	<i>Notes</i>	<b>2021</b> <b>\$’000</b>	2020 \$’000 <i>(Restated)</i> <i>(note)</i>
<b>Continuing operations:</b>			
<b>Revenue</b>	3	<b>142,272</b>	162,429
Cost of sales and services		<u>(103,496)</u>	<u>(137,469)</u>
<b>Gross profit</b>		<b>38,776</b>	24,960
Other income		<b>3,171</b>	2,916
Selling, general and administrative expenses		<b>(64,112)</b>	(63,916)
Impairment of intangible assets		<b>(4,213)</b>	–
Impairment of goodwill		–	(15,404)
Share of profit of an associate		<b>41</b>	–
Net valuation gain on investment properties		<b>3,144</b>	–
Gain on acquisitions of subsidiaries		<b>2,986</b>	–
Gain on disposal of interest in a subsidiary		<u>–</u>	<u>1,006</u>
<b>Loss from operations</b>		<b>(20,207)</b>	(50,438)
Finance costs	4	<u>(1,047)</u>	<u>(10,937)</u>
<b>Loss before taxation</b>	4	<b>(21,254)</b>	(61,375)
Income tax	5	<u>(5,669)</u>	<u>1,984</u>
<b>Loss for the year from continuing operations</b>		<b>(26,923)</b>	(59,391)
<b>Discontinued operations:</b>			
Profit for the year from discontinued operations		<u>6,189</u>	<u>14,465</u>
<b>Loss for the year</b>		<u><b>(20,734)</b></u>	<u>(44,926)</u>

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONTINUED)

For the year ended 31 December 2021

(Expressed in HK\$)

	<i>Note</i>	<b>2021</b> <b>\$'000</b>	2020 \$'000 <i>(Restated)</i> <i>(note)</i>
<b>Attributable to:</b>			
Equity shareholders of the Company			
– continuing operations		<b>(16,597)</b>	(38,024)
– discontinued operations		<u><b>6,189</b></u>	<u>14,465</u>
		<u><b>(10,408)</b></u>	<u>(23,559)</u>
Non-controlling interests			
– continuing operations		<u><b>(10,326)</b></u>	<u>(21,367)</u>
<b>Loss for the year</b>		<u><b>(20,734)</b></u>	<u>(44,926)</u>
<b>Basic and diluted (loss)/earning per share</b>	<i>6</i>		
– continuing operations		<b>(HK0.22 cent)</b>	(HK0.32 cent)
– discontinued operations		<u><b>HK0.05 cent</b></u>	<u>HK0.11 cent</u>

*Note:* The restatement of comparative information is attributable to the discontinued operations.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

*For the year ended 31 December 2021*

*(Expressed in HK\$)*

	<b>2021</b>	2020
	<b>\$'000</b>	\$'000
		<i>(Restated)</i>
		<i>(note)</i>
<b>Loss for the year</b>	.....(20,734)	.....(44,926)
<b>Other comprehensive income for the year (after tax)</b>		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
– exchange differences on translation of financial statements of foreign operations	16,996	44,554
– exchange reserve recycled to profit or loss upon disposal of subsidiaries	718	(121)
	.....17,714	.....44,433
<b>Total comprehensive income for the year</b>	<u><u>(3,020)</u></u>	<u><u>(493)</u></u>
<b>Attributable to:</b>		
Equity shareholders of the Company		
– continuing operations	231	3,567
– discontinued operations	6,101	14,514
	.....6,332	.....18,081
Non-controlling interests		
– continuing operations	.....(9,352)	.....(18,574)
<b>Total comprehensive income for the year</b>	<u><u>(3,020)</u></u>	<u><u>(493)</u></u>

*Note:* The restatement of comparative information is attributable to the discontinued operations.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

(Expressed in HK\$)

	<i>Notes</i>	<b>2021</b> <b>\$'000</b>	2020 <b>\$'000</b>
<b>Non-current assets</b>			
Investment properties		<b>100,599</b>	139,403
Property, plant and equipment		<b>137,855</b>	131,395
		<b>238,454</b>	270,798
Intangible assets		<b>159</b>	4,055
Interest in an associate		<b>32,916</b>	–
Deferred tax assets		<b>2,625</b>	2,373
		<b>274,154</b>	277,226
<b>Current assets</b>			
Inventories		<b>16,385</b>	214,620
Trade receivables	7	<b>30,607</b>	19,736
Advances to an associate		<b>153,943</b>	–
Prepayments, deposits and other receivables		<b>160,688</b>	109,719
Assets held for sale		–	47,538
Restricted bank deposits		<b>1,423</b>	2,239
Cash and cash equivalents		<b>255,219</b>	179,309
		<b>618,265</b>	573,161
<b>Current liabilities</b>			
Trade payables	8	<b>31,178</b>	26,810
Contract liabilities		<b>33,833</b>	9,555
Other payables and accruals		<b>93,975</b>	92,560
Lease liabilities		<b>9,024</b>	1,740
Provisions		<b>1,010</b>	1,034
		<b>169,020</b>	131,699
<b>Net current assets</b>		<b>449,245</b>	441,462
<b>Total assets less current liabilities</b>		<b>723,399</b>	718,688

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)***As at 31 December 2021**(Expressed in HK\$)*

	<i>Note</i>	<b>2021</b> <b>\$'000</b>	2020 <i>\$'000</i>
<b>Non-current liabilities</b>			
Lease liabilities		<b>62,450</b>	435
Deferred tax liabilities		<b>13,226</b>	13,031
Provisions		<b>1,729</b>	2,669
		<u>77,405</u>	<u>16,135</u>
<b>NET ASSETS</b>		<b><u>645,994</u></b>	<u>702,553</u>
<b>CAPITAL AND RESERVES</b>			
Share capital	9	<b>64,610</b>	64,610
Perpetual convertible securities		<b>296,274</b>	296,274
Reserves		<b>262,490</b>	263,936
<b>Total equity attributable to equity shareholders of the Company</b>		<b>623,374</b>	624,820
<b>Non-controlling interests</b>		<b>22,620</b>	77,733
<b>TOTAL EQUITY</b>		<b><u>645,994</u></b>	<u>702,553</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*(Expressed in HK\$ unless otherwise indicated)*

### 1 CORPORATE INFORMATION

The Company is an exempted limited company incorporated in the Cayman Islands. The registered office of the Company is located at P. O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Islands. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

During the Year, the Group is principally engaged in the property management and leasing services businesses for residential and commercial properties, the diversified tourism products and services businesses and the integrated development businesses.

### 2 SIGNIFICANT ACCOUNTING POLICIES

#### (a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"), accounting principles generally accepted in Hong Kong and the applicable disclosure requirements of the Hong Kong Companies Ordinance (the "**Companies Ordinance**"). These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). Significant accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain amendments to HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

#### (b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2021 comprise the Company and its subsidiaries, and the Group's interest in an associate.

These financial statements are presented in HK\$, which is the Company's functional currency, and all values are rounded to the nearest thousand ("**\$'000**") except when otherwise indicated.

The measurement basis used in the preparation of the financial statements is the historical cost basis except for investment properties which are stated at their fair values.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

**(c) Changes in accounting policies**

The Group has applied the following amendments to HKFRSs issued by the HKICPA to these financial statements for the current accounting period:

- Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16, *Interest rate benchmark reform – phase 2*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. The amendments did not have material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented.

### **3 REVENUE AND SEGMENT REPORTING**

**(a) Revenue**

The Group is principally engaged in the property management and leasing services businesses for residential and commercial properties, the diversified tourism products and services businesses and the integrated development businesses. Further details regarding the Group's principal activities are disclosed in Note 3(b).

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

	2021 \$'000	2020 \$'000 (Restated)
<b>Revenue from contracts with customers within the scope of HKFRS 15:</b>		
<b>Disaggregated by major products or services lines:</b>		
Sales of air tickets and diversified tourism products, provision of travel and other related services and commission income	14,487	91,783
Sales of products and service income from tourism attractions	27,058	29,806
Marketing, event planning and consulting services	26,521	40,840
Property management services	<u>64,434</u>	<u>–</u>
	<b>132,500</b>	<b>162,429</b>
<b>Revenue from other sources:</b>		
Rental income	<u>9,772</u>	<u>–</u>
	<b><u>142,272</u></b>	<b><u>162,429</u></b>

Disaggregation of revenue from contracts with customers by the timing of revenue recognition and by geographic markets is disclosed in notes 3(b)(i) and 3(b)(ii) respectively.

For the Year, the Group had transactions with a customer (i.e. Orient Victory Property Development Group Co., Ltd.\* (“OVPD”, 東勝房地產開發集團有限公司), which is wholly-owned by Mr. Shi Baodong, the controlling shareholder of the Company) and entities under its control in the integrated development segment and the property management segment, contributing total revenue of approximately \$40,615,000 to the Group (2020: a customer (i.e. OVPD) and entities under its control in the integrated development segment contributing total revenue of approximately \$34,598,000) and representing over 10% of the Group’s revenue for the Year.

**(b) Segment reporting**

For management purposes, the Group is organised into business units based on their products and services, and has reportable operating segments as follows:

Continuing reportable segments:

- the diversified tourism products and services segment, which comprises the sale of air tickets and other tourism products, and provision of travel related and other services principally to corporate clients.
- the integrated development segment, which involves the development and operation of tourism and cultural attractions, sales of products and other services.
- the property management segment, which involves the provision of property management and leasing services for residential and commercial properties.

Discontinued reportable segments:

- the Group’s property development business in New Zealand. Pursuant to a shareholder resolution of Orient Victory New Zealand Limited (“**OVNZ**”), a wholly-owned subsidiary of the Company dated 6 September 2021, as all the Group’s land and residential properties in New Zealand were disposed of by May 2021 and the Group had no further investment and development plan in New Zealand, it was resolved to commence the liquidation procedures of all the Group’s wholly-owned subsidiaries in New Zealand (collectively the “**OVNZ Group**”). The liquidation procedures were completed on 5 November 2021. Accordingly, results of the Group’s property development business in New Zealand were classified and presented as a discontinued operation in the Group’s consolidated financial statements, and the comparative figures have been restated to show the discontinued operation separately from continuing operations.
  
- the investment holding segment, which involved in equity investment activities and comprised the equity interest in China Comfort Tourism Group Company Limited\* (中國康輝旅遊集團有限責任公司) (“**China Comfort**”), a then associate which was disposed of by the Group in October 2020.

*(i) Segment results, assets and liabilities*

For the purposes of assessing segment performance and allocating resources between segments, the Group’s senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. For continuing reportable segments, 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, restricted bank deposits 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 the year ended 31 December 2020 is set out below.

	Continuing operations						Discontinued operations						Total		
	Diversified tourism products and services		Integrated development		Property management	Sub-total	OVNZ Group		China Comfort	Sub-total					
	2021	2020	2021	2020	2021	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
			(Restated)			(Restated)		(Restated)		(Restated)		(Restated)		(Restated)	(note)
<b>Disaggregated by timing of revenue recognition:</b>															
- Point in time	14,487	91,783	38,018	55,469	-	52,505	147,252	-	45,857	-	-	45,857	52,505	193,109	
- Over time	-	-	15,561	15,177	64,434	79,995	15,177	-	-	-	-	-	79,995	15,177	
Rental income	-	-	-	-	9,772	9,772	-	-	-	-	-	-	9,772	-	
Reportable segment revenue	<u>14,487</u>	<u>91,783</u>	<u>53,579</u>	<u>70,646</u>	<u>74,206</u>	<u>142,272</u>	<u>162,429</u>	<u>-</u>	<u>45,857</u>	<u>-</u>	<u>-</u>	<u>45,857</u>	<u>142,272</u>	<u>208,286</u>	
Segment results	<u>(20,736)</u>	<u>(22,281)</u>	<u>2,601</u>	<u>(19,351)</u>	<u>7,911</u>	<u>(10,224)</u>	<u>(41,632)</u>	<u>8,200</u>	<u>3,751</u>	<u>11,430</u>	<u>8,200</u>	<u>15,181</u>	<u>(2,024)</u>	<u>(26,451)</u>	
Finance costs						(1,047)	(10,937)	(129)	(58)	-	(129)	(58)	(1,176)	(10,995)	
Corporate and other unallocated income and expenses, net						(9,983)	(8,806)	-	-	-	-	-	(9,983)	(8,806)	
Profit/(loss) before taxation						<u>(21,254)</u>	<u>(61,375)</u>	<u>8,071</u>	<u>3,693</u>	<u>11,430</u>	<u>8,071</u>	<u>15,123</u>	<u>(13,183)</u>	<u>(46,252)</u>	
Segment assets	<u>7,369</u>	<u>27,291</u>	<u>435,272</u>	<u>493,396</u>	<u>127,623</u>	<u>570,264</u>	<u>520,687</u>	<u>-</u>	<u>63,603</u>	<u>-</u>	<u>-</u>	<u>63,603</u>	<u>570,264</u>	<u>584,290</u>	
Corporate and other unallocated assets													<u>322,155</u>	<u>266,097</u>	
Total assets													<u>892,419</u>	<u>850,387</u>	
Segment liabilities	<u>38,295</u>	<u>35,554</u>	<u>70,065</u>	<u>63,935</u>	<u>119,910</u>	<u>228,270</u>	<u>99,489</u>	<u>-</u>	<u>2,055</u>	<u>-</u>	<u>-</u>	<u>2,055</u>	<u>228,270</u>	<u>101,544</u>	
Corporate and other unallocated liabilities													<u>18,155</u>	<u>46,290</u>	
Total liabilities													<u>246,425</u>	<u>147,834</u>	
Other segment information:															
Share of (profit)/loss of associates	-	-	(41)	-	-	(41)	-	-	-	14,256	-	14,256	(41)	14,256	
Loss/(gain) on disposal of property, plant and equipment, net	1	-	-	(37)	-	1	(37)	-	-	-	-	-	1	(37)	
Impairment of intangible assets	4,213	-	-	-	-	4,213	-	-	-	-	-	-	4,213	-	
Impairment of goodwill	-	2,586	-	12,818	-	-	15,404	-	-	-	-	-	-	15,404	
Gain on disposal of interest in a subsidiary	-	-	-	(1,006)	-	-	(1,006)	-	-	-	-	-	-	(1,006)	
Depreciation and amortisation	776	6,443	4,524	4,714	1,345	6,645	11,157	2	9	-	2	9	6,647	11,166	
Capital expenditure	2,203	21	1,547	641	7,453	11,203	662	-	2,081	-	-	2,081	11,203	2,743	

Note: The restatement of comparative information is attributable to the discontinued operations and the reclassification of head office and corporate income, expenses, assets and liabilities as corporate and unallocated items from the investment holding segment.

**(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 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 (Continuing operations)		Revenue from external customers (Discontinued operations)		Non-current assets		Current assets		Total assets	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
		<i>(Restated)</i>		<i>(Restated)</i>						
Hong Kong (place of domicile)	13,920	27,368	-	-	5,541	2,005	66,763	21,048	72,304	23,053
Mainland China	128,352	135,061	-	-	268,613	274,922	551,502	488,809	820,115	763,731
New Zealand	-	-	-	45,857	-	299	-	63,304	-	63,603
	<u>142,272</u>	<u>162,429</u>	<u>-</u>	<u>45,857</u>	<u>274,154</u>	<u>277,226</u>	<u>618,265</u>	<u>573,161</u>	<u>892,419</u>	<u>850,387</u>

**4 LOSS BEFORE TAXATION**

Loss before taxation is arrived at after charging:

**(a) Finance costs**

	2021 \$'000	2020 \$'000
Interest on lease liabilities	1,773	156
Interest on other borrowings	17	-
Finance costs in connection with interest-free loans from non-controlling shareholders of a subsidiary	-	9,642
Net foreign exchange (gain)/loss	<u>(743)</u>	<u>1,139</u>
	<u>1,047</u>	<u>10,937</u>

(b) **Staff costs (including directors' emoluments)**

	2021 \$'000	2020 \$'000 <i>(Restated)</i>
Wages, salaries and other benefits	21,519	29,125
Pension scheme contributions	878	679
Equity-settlement share-based payment expenses	159	148
	<u>22,556</u>	<u>29,952</u>

(c) **Other items**

	2021 \$'000	2020 \$'000 <i>(Restated)</i>
Cost of inventories sold	15,997	42,862
Amortisation cost of intangible assets	39	4,044
Depreciation charge		
– owned property, plant and equipment	5,072	3,789
– right-of-use assets	2,571	4,284
Impairment losses on non-financial assets		
– intangible assets	4,213	–
– goodwill	–	15,404
Impairment losses on trade receivables	1,059	5,916
Auditors' remuneration	5,707	3,538
	<u>5,707</u>	<u>3,538</u>

**5 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

	2021 \$'000	2020 \$'000 <i>(Restated)</i>
<b>Current tax - Mainland China</b>		
Provision for the year	4,494	49
<b>Deferred tax</b>		
Origination and reversal of temporary differences	1,175	(2,033)
Net tax charge/(credit) for the year	<u>5,669</u>	<u>(1,984)</u>

*Notes:*

- (i) Provision for Hong Kong Profits Tax for the Year is calculated at 16.5% (2020: 16.5%) of the estimated assessable profits for the Year. The Company and the subsidiaries of the Group incorporated in Hong Kong did not have assessable profits subject to Hong Kong Profits Tax during the Year (2020: nil).

- (ii) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (the “**BVI**”), the Company and the subsidiaries of the Group in the Cayman Islands and the BVI are not subject to any income tax in the Cayman Islands and the BVI.
- (iii) Pursuant to the rules and regulations of the People’s Republic of China (the “**PRC**”), the Group’s subsidiaries established in the mainland (“**Mainland China**”) of the PRC are subject to PRC Corporate Income Tax at the statutory rate of 25% during the Year (2020: 25%).

## 6 LOSS PER SHARE

### (a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to ordinary equity shareholders of the Company and the weighted average ordinary shares in issue during the Year, calculated as follows:

#### (i) Loss for the purpose of calculating basic loss per share

	2021 \$’000	2020 \$’000
Loss attributable to the equity shareholders of the Company	(10,408)	(23,559)
Distribution paid to the holders of perpetual convertible securities	(7,937)	–
Accrued distribution to the holders of perpetual convertible securities	<u>(4,200)</u>	<u>(4,200)</u>
Loss for the purpose of calculating basic loss per share	<u>(22,545)</u>	<u>(27,759)</u>

#### (ii) Weighted average number of ordinary shares

	2021 ’000	2020 ’000
Issued and weighted average number of ordinary shares	<u>12,922,075</u>	<u>12,922,075</u>

### (b) Diluted loss per share

There were no dilutive potential ordinary shares outstanding for the Year and the year ended 31 December 2020. The effect of the deemed conversion of the perpetual convertible securities was not included in the calculation of diluted loss per share as they are anti-dilutive during the Year and the year ended 31 December 2020.

## 7 TRADE RECEIVABLES

	2021 \$'000	2020 \$'000
Trade receivables		
– Related parties	32,265	17,090
– Third parties	<u>6,780</u>	<u>10,025</u>
	39,045	27,115
Less: Loss allowance	<u>(8,438)</u>	<u>(7,379)</u>
	<u><u>30,607</u></u>	<u><u>19,736</u></u>

### Ageing analysis

As at the end of the reporting period, the ageing analysis of trade receivables, based on the invoice date and net of loss allowance, is as follows:

	2021 \$'000	2020 \$'000
Within 90 days	20,550	18,298
91 to 180 days	6,541	1,373
181 to 365 days	<u>3,516</u>	<u>65</u>
	<u><u>30,607</u></u>	<u><u>19,736</u></u>

For trade receivables from property management services to third parties, the Group charges property management fees on an annual or a semi-annual basis and the payment is generally due upon the issuance of demand notes. The Group's other trade receivables are due within 14 to 90 days (2020: 14 to 90 days) from the date of billing.

## 8 TRADE PAYABLES

As at the end of reporting period, the ageing analysis of trade payables, based on the invoice date, is as follows:

	2021 \$'000	2020 \$'000
Within 90 days	18,962	24,436
91 to 180 days	3,052	1,051
181 to 365 days	<u>9,164</u>	<u>1,323</u>
	<u><u>31,178</u></u>	<u><u>26,810</u></u>

Included in trade payables are payables of \$10,256,000 (2020: \$4,697,000) due to a non-controlling shareholder of a subsidiary which are repayable within 40 days from the date of billing.

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

## 9 SHARE CAPITAL

	2021		2020	
	Number of ordinary shares '000	\$'000	Number of ordinary shares '000	\$'000
<b>Authorised:</b>				
Ordinary share at \$0.005 each	<u>20,000,000</u>	<u>100,000</u>	<u>20,000,000</u>	<u>100,000</u>
<b>Issued and fully paid:</b>				
At 1 January and 31 December	<u>12,922,075</u>	<u>64,610</u>	<u>12,922,075</u>	<u>64,610</u>

## 10 DIVIDEND

The Board does not recommend the payment of a final dividend for the Year (2020: nil).

## MANAGEMENT DISCUSSION AND ANALYSIS

### Industry Overview, Business Strategy and Outlook

Since the outbreak of the novel coronavirus disease (2019) (COVID-19) pandemic (the “**Pandemic**”) in early 2020, governments of various countries have implemented anti-pandemic measures for public health such as travel restrictions, temporary suspension of tourism activities, and temporary closures and limitation of the number of visitors of tourism attractions and cultural spots. These measures have inevitably affected the travel and tourism industries since the beginning of the Pandemic and were still in force during the Year. As a result of the effective prevention and control measures put in place by the government of mainland (“**Mainland China**”) of the People’s Republic of China (the “**PRC**”) since the beginning of the Pandemic, the Pandemic has begun to ease in Mainland China from the second quarter of 2020. Nevertheless, it is expected that outbound travel restrictions and other prevention and control measures would still be in place until the full or substantially the full subside of the Pandemic, and the timing of which is highly uncertain.

The Group’s diversified tourism products and services segment engages in the sales of outbound air tickets and provision of outbound tourism-related services. Revenue of which further reduced from approximately HK\$91.8 million during the year ended 31 December 2020 to approximately HK\$14.5 million during the Year owing to the outbound travel restrictions imposed since late January 2020. Majority of the Group’s revenue from diversified tourism products and services segment during the year ended 31 December 2020 were derived from January 2020.

The Group’s integrated development segment served as an alternative business drive during the Year and the year ended 31 December 2020. Benefit from the effective prevention and control measures put in place by the government and the stable Pandemic situation of Mainland China, the Group was able to carry out its business of operation and management of tourist attraction and cultural spot in relatively a stable manner. Revenue of approximately HK\$27.1 million (2020: approximately HK\$29.8 million) was recognised during the Year. Owing to the temporary closures of the facilities at certain times and the limitation of the number of visitors in both years, revenue in both years remained at a lower level. On the other hand, the Group continues to facilitate the development of other businesses in the integrated development segment that are less affected by the Pandemic since 2020. Marketing, event planning and consulting services contributed revenue of approximately HK\$26.5 million (2020: approximately HK\$40.8 million) to the Group during the Year. The decrease of revenue during the Year was mainly due to fewer marketing, event planning and consulting services for real estate projects undertaken by the Group during the Year. In addition, during the Year, the Group completed the disposal of the remaining portion of the piece of land located in New Zealand as detailed in the section headed “Integrated Development Businesses” under “Business Review” in “Management Discussion and Analysis”, total net gain on disposal of approximately New Zealand Dollar (“**NZD**”) 1.7 million (equivalent to approximately HK\$9.3 million) was recognised as “profit for the year from discontinued operations” in the consolidated statement of profit or loss during the Year, and the Group’s cash flow was further strengthened.

In addition to the Group's diversified tourism products and services businesses and integrated development businesses, the Board considers that the Group must take additional appropriate steps to cope with the unprecedented market change resulting from the Pandemic. With an aim to broadening the Group's income sources which in turn improve the financial performance of the Group and achieve better return for the shareholders (the "**Shareholders**") of the Company during the current unfavourable environment, the Group has been exploring new income stream in the PRC since late July 2020. Leveraging on the business network of the Directors, the Group is able to explore the feasibility of other business fields with stable domestic demand feature such as the provision of products and services relating to property management and leasing, urban environmental hygiene and healthcare businesses.

Recent policies of the property management industry in the PRC continued to be positive. Pursuant to the notice issued by ten government authorities including the Ministry of Housing and Urban-Rural Development of the PRC (中華人民共和國住房和城鄉建設部), in order to satisfy the public aspiration of better living quality and condition, the development of residential property management industry shall be facilitated and the quality and diversification of services shall be enhanced. In particular, the notice requires the local governments to regulate the relationship between governments and enterprises at the grassroots level, facilitate the enhancement of scope of services, management and quality of property management services, support acquisition of the property management companies, encourage market-based property management fees, etc., to develop a long-term effective management mechanism of property management operations, pointing the way for healthy and long-term development of the industry.

On 18 May 2021, the Group completed the acquisition of the entire equity interest in Shijiazhuang Dongsheng Property Management Services Company Limited\* (石家莊市東勝物業服務有限公司, "**Dongsheng PMS**"), which, alongside its subsidiaries, are principally engaged in the provision of property management and leasing services for residential and commercial properties in Hebei Province, the PRC. Since completion of the acquisition, Dongsheng PMS contributed property management and leasing related revenue of approximately HK\$64.6 million to the Group during the Year. By completing the acquisition, the Group successfully entered into the property management and leasing related businesses and has additional income sources that are less affected by the Pandemic and with sound prospects.

The Group further expanded its leasing related business by completing the acquisition of the entire equity interest in Kinyoun International Limited ("**Kinyoun International**") on 9 August 2021 for the consideration of HK\$24,000,000, which, alongside its subsidiaries, are principally engaged in the sub-leasing business for non-residential properties in Shijiazhuang, Hebei Province, the PRC. Since completion of the acquisition, Kinyoun International contributed leasing related revenue of approximately HK\$7.4 million to the Group during the Year.

In addition to the acquisitions of Dongsheng PMS and Kinyoun International, Orient Victory Property Development Group Co., Ltd.\* (“OVPD”, 東勝房地產開發集團有限公司), one of the Group’s controlling Shareholders, which, alongside its subsidiaries, are principally engaged in the real estate development in the PRC, provided to the Group new business opportunities in relation to the 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, providing for the Group further expansion on property management businesses. The services constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules and the independent Shareholders had approved the respective framework agreement and transactions contemplated thereunder by way of poll at the extraordinary general meeting dated 16 March 2022.

Further, the Group has been exploring business opportunities in environmental hygiene industry, and secured an environmental hygiene service project in Zhangjiakou City, Hebei Province, the PRC in the fourth quarter in 2022. Revenue of approximately HK\$2.2 million (2020: nil) was recognised during the Year.

The Group has been paying close attention to and treating the ongoing situation of the Pandemic with great caution in the light that timing of the full recovery for outbound tourism industry is highly uncertain under the Pandemic. In addition to the above business developments, the Group had carried out various measures to encounter the impact of the Pandemic to the Group’s existing businesses since the first quarter of 2020, which includes implementing cost containment plans, and monitoring and strengthening the cash flows and the collection of receivables. In particular, (1) the Group’s wages, salaries and other benefits and pension scheme contributions incurred during the Year reduced by 25% as compared to the corresponding period of last year; and (2) the Group’s cash and cash equivalent further increased during the Year from approximately HK\$179.3 million as at 31 December 2020 to approximately HK\$255.2 million as at 31 December 2021, which was mainly attributable to (i) the completion of disposal of the remaining portion of the piece of land located in New Zealand as detailed in the section headed “Integrated Development Businesses” under “Business Review” in “Management Discussion and Analysis”; and (ii) the receipt of certain refundable prepayments for investments of approximately HK\$81.5 million.

The Pandemic had brought huge impact to the Group’s diversified tourism products and services businesses and the Group’s tourism attractions business under the integrated development businesses during the Year. It is expected that the Pandemic will continue to impact the tourism industry, and thus outbound travel and tourism businesses, being the Group’s main business focus of the diversified tourism products and services segment, as well as the Group’s tourism attractions business under the integrated development segment, will continue to be affected in 2022.

Despite the Pandemic, the tourism-related businesses are expected to be vigorous in a long run having considered the expected steady improvement of the PRC economy and the continuous improvement of people's living standard. The Group will closely monitor the development of the Pandemic and the outbound tourism industry in order to enable the tourism-related businesses to be back on track in a safe and effective manner.

The Group will also continue to take prudent and cautious steps for the development of other businesses in order to improve the benefit of the Group and Shareholders in this challenging business environment.

In particular, for property management businesses, leverage on the extensive experience of certain Directors in property development and management in the PRC, the Group will develop the property management and leasing services businesses by improving the management and operation, seeking organic growth, strategic acquisitions and continuous support from the controlling Shareholder. Meanwhile, in addition to the property management businesses, the Group will also prudently explore potentially profitable investments and acquisitions in relation to urban environmental hygiene business and healthcare business, with an aim to improving the benefit of the Group and its Shareholders as a whole.

## **Business Review**

### ***Property Management Businesses***

The Group has been exploring property management business opportunities in the PRC since late July 2020. Pursuant to an equity transfer agreement dated 8 February 2021 entered into between Huasheng New Life Services (Shenzhen) Company Limited\* (華勝新生活服務(深圳)有限公司, “**Huasheng New Life**”, an indirect wholly-owned subsidiary of the Company) (as purchaser) and Heng Sheng Xin Ye (Beijing) Asset Management Company Limited\* (恆晟鑫業(北京)資產管理有限公司, “**Hengsheng Xinye**”, an independent third party of the Company) (as vendor), Hengsheng Xinye conditionally agreed to dispose of, and Huasheng New Life conditionally agreed to acquire, the entire equity interest in Dongsheng PMS for the consideration of RMB7,500,000 (equivalent to approximately HK\$9,139,000). Dongsheng PMS and its subsidiaries are principally engaged in the provision of property management and leasing services for residential and commercial properties in Hebei Province, the PRC. It possesses certifications of the ISO9001 (Quality Management Systems), ISO14001 (Environmental Management Systems) and OHSAS18001 (Occupational Health and Safety Assessment Series) and won various awards in past years, including the “2020 Top 500 Property Services Companies: Comprehensive Strength\*” (二零二零年度物業服務企業綜合實力500強) and the “Top Ten Property Management Projects in Hebei Province in 2019\*” (二零一九年度河北省物業管理十佳項目). The acquisition was completed on 18 May 2021, and Dongsheng PMS and its subsidiaries have become the Group's indirect wholly-owned subsidiaries. Further details of the acquisition are set out in the Company's announcements dated 8 February 2021 and 20 May 2021.

As at 31 December 2021, Dongsheng PMS and its subsidiaries had a total contracted gross floor area of approximately 8.5 million square meters, of which a total gross floor area of approximately 7.6 million square meters was under their management. The total gross floor area mainly involves residential properties, commercial properties, office buildings, sales offices and related areas, hospitals, government and other public facilities. Revenue from property management and leasing services of approximately HK\$64.6 million was recognised by the Group during the Year since completion of the acquisition of Dongsheng PMS.

The Group further expanded its leasing related business by completing the acquisition of the entire equity interest in Kinyoun International on 9 August 2021 for the consideration of HK\$24,000,000, which, alongside its subsidiaries, are principally engaged in the sub-leasing business for non-residential properties in Shijiazhuang, Hebei Province, the PRC. Since completion of the acquisition, Kinyoun International contributed leasing related revenue of approximately HK\$7.4 million to the Group during the Year. Further details of the acquisition are set out in the Company's announcement dated 6 August 2021.

### ***Integrated Development Businesses***

The Group has been operating in the integrated development businesses since the acquisition of the entire interest in a piece of land located at corner Miller Rise, Bankside Road, Millwater Parkway, Silverdale, Auckland, New Zealand with an aggregate area of approximately 15,742 square meters in 2017. Construction of the first phase of the project was completed in 2019. All residential units of the first phase of the project were sold and revenue of approximately HK\$45.9 million from the sales of properties was recognised during the year ended 31 December 2020. As all residential units of the first phase of the project were sold in 2020, no revenue from the sales of properties of the first phase of the project was recognised during the Year. In respect of the remaining portion of the piece of land (approximately 12,986 square meters), with an aim to improving the cash inflows, in December 2020, the Group (as vendor) entered into two agreements for sale and purchase of real estate (the “**Sale and Purchase Agreements**”) with an independent third party of the Company (as purchaser) to dispose of the remaining portion of the piece of land for a total consideration of approximately NZD10.3 million (equivalent to approximately HK\$56.5 million). The disposal was completed in May 2021 and total net gain on disposal of NZD1.7 million (equivalent to approximately HK\$9.3 million) was recognised during the Year. Pursuant to a shareholder resolution of Orient Victory New Zealand Limited, a wholly-owned subsidiary of the Company dated 6 September 2021, as all the Group's land and residential properties in New Zealand were disposed of by May 2021 and the Group had no further investment and development plan in New Zealand, it was resolved to commence the liquidation procedures of all the Group's wholly-owned subsidiaries in New Zealand. The liquidation procedures were completed on 5 November 2021. Accordingly, results of the Group's property development business in New Zealand were classified and presented as a discontinued operation in the Group's consolidated financial statements.

On the other hand, Hebei Tu Men Travel Development Limited\* (河北土門旅遊開發有限公司) (“**Tu Men Travel**”), which is principally engaged in the operation and management of tourist attractions and cultural spots and owns a tourist attraction and cultural spot in Shijiazhuang, the PRC, contributed revenue of approximately HK\$27.1 million (2020: approximately HK\$29.8 million) to the Group during the Year. Benefit from the effective prevention and control measures put in place by the government and the stable Pandemic situation of Mainland China, the Group was able to carry out its business of operation and management of tourist attraction and cultural spot in relatively a stable manner. Owing to the temporary closures of the facilities at certain times and the limitation of the number of visitors in both years, revenue in both years remained at a lower level.

In addition, since 2019, the Group has been operating event planning and all-round event production services in respect of the real estate development in the PRC, and has recruited a team of talents who were equipped with extensive experience in corporate image building, brand management, marketing, event planning and public relations and communication. Revenue of approximately HK\$26.5 million (2020: approximately HK\$40.8 million) was recognised during the Year. The decrease of revenue during the Year was mainly due to fewer marketing, event planning and consulting services for real estate projects undertaken by the Group during the Year.

The Group also engaged in the developments of tourism-related facilities in the PRC. During the Year, a piece of land in Shijiazhuang, the PRC, with an aggregate area of 14,637 square meters, is under planning stage and was recognised as inventories in the Group’s consolidated financial statements as at 31 December 2021 in the carrying amount of approximately HK\$15.8 million (2020: approximately HK\$15.0 million).

Besides, pursuant to an agreement dated 28 October 2021 entered into between the Group and a local government authority, a piece of land in Shijiazhuang, 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 during the Year for the consideration of approximately HK\$102.2 million. Proceeds of HK\$30.6 million was received during the Year and a further HK\$24.5 million was received up to the date of this announcement in 2022.

Pursuant to a shareholders' resolution of 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**”) passed on and the revised articles of association dated 3 September 2021, the composition of the board of directors of Dakun Zhifang has been amended (the “**Amendment**”). Pursuant to the Amendment, the Directors consider that the Group does not have the power to control the board of directors of Dakun Zhifang from that date onwards. Accordingly, from 3 September 2021, Dakun Zhifang ceased to be a subsidiary of the Group and was accounted for using the equity method as an associate in the Group's consolidated financial statements. Dakun Zhifang had a piece of land in Zhangjiakou, the PRC with an aggregate area of 79,039 square meters, which was under preliminary development stage with “Certificate of Permitting Construction and Engineering Planning\*” (“**建設工程規劃許可証**”) obtained in September 2021. It was recognised as investment properties and inventories in the books of Dakun Zhifang as at 31 December 2021 in the carrying amounts of approximately HK\$150.7 million and HK\$103.0 million respectively (2020: in the Group's consolidated financial statements of approximately HK\$139.4 million and HK\$96.9 million respectively).

Pursuant to an agreement dated 6 September 2021 entered into between Dakun Zhifang and China Huarong Assets Management Co., Ltd. Hebei Branch\* (中國華融資產管理股份有限公司河北省分公司) (“**Hebei Huarong**”), the piece of land held by Dakun Zhifang (the “**Pledge**”), together with other assets owned by Mr. Shi Baodong (“**Mr. Shi**”), the controlling Shareholder, were pledged to Hebei Huarong to secure the repayments of certain borrowings obtained by entities controlled by Mr. Shi in an aggregate principal amount of RMB556.6 million (equivalent to approximately HK\$680.8 million).

As at 31 December 2021, the Group's advances to Dakun Zhifang (which were made while it was a subsidiary of the Company) (the “**Advances**”) of approximately HK\$153.9 million are non-interest bearing and repayable on demand.

The obligations of Dakun Zhifang under the Pledge and the repayment of the Advances were guaranteed by the sales proceeds of certain properties held by an entity controlled by Mr. Shi, which shall be remitted into an escrow bank account (the “**Arrangement**”). As such, the directors of the Company consider that the risk associated with the Pledge and the credit risk arising from the Advances are significantly mitigated by the Arrangement with reference to the estimated market value of the properties as at 31 December 2021 and that no provision is necessary.

### ***Diversified Tourism Products and Services Businesses***

Principal subsidiaries of the Group engaged in diversified tourism products and services businesses comprised (i) Four Seas Tours Limited (四海旅行社有限公司), which engaged in the sale of outbound air-ticket and provision of other travel related services in Hong Kong; and (ii) Dongsheng (Beijing) International Travel Co., Limited\* (東勝(北京)國際旅行社有限公司) and Beijing Jinlv Shidai Tourism Co. Limited\* (北京金旅時代旅行社有限公司), which engaged in the sales of outbound air tickets and provision of outbound tourism-related services in the PRC.

Revenue from diversified tourism products and services businesses reduced from approximately HK\$91.8 million during the year ended 31 December 2020 to approximately HK\$14.5 million during the Year. Outbound travel and tourism activities were severely affected since early 2020 as a result of the Pandemic and the anti-pandemic measures imposed by the governments of various countries. Majority of the Group's revenue from diversified tourism products and services businesses during the year ended 31 December 2020 were derived from January 2020. The ongoing outbound travel restrictions imposed continued to adversely affect the Group's outbound travel businesses during the Year, resulting a further significant decrease in revenue from diversified tourism products and services businesses during the Year as compared to the corresponding period of last year.

### ***Investment Holding Business***

During the year ended 31 December 2020, investment holding business included the Group's 49% equity interest in China Comfort Tourism Group Company Limited\* (中國康輝旅遊集團有限責任公司) ("**China Comfort**"), a then associate of the Group, which was engaging in the provision of travel agent services in the PRC, including domestic travel, outbound travel and inbound travel, and provision of brand name for the franchisees. The disposal of the Group's 49% equity interest in China Comfort was completed in October 2020. Accordingly, share of loss of China Comfort of approximately HK\$14.3 million and gain on disposal of China Comfort of approximately HK\$25.7 million recognised during the year ended 31 December 2020 was classified as "profit for the year from discontinued operations" in the consolidated statement of profit or loss. Details of the disposal of China Comfort are set out in the Company's announcements dated 26 March 2020, 31 July 2020, 30 September 2020 and 15 October 2020, and the Company's circular dated 24 June 2020.

## Financial Analysis

### Operating Performance

#### a. Continuing operations

Analysis by nature of revenue:

	2021		2020	
	HK\$'000	%	HK\$'000 (Restated)	% (Restated)
<b>Diversified tourism products and services businesses:</b>				
Sales of air tickets and diversified tourism products, provision of travel and other related services and commission income	<u>14,487</u>	<u>10.2</u>	<u>91,783</u>	<u>56.5</u>
<b>Integrated development businesses:</b>				
Sales of products and service income from tourism attractions	<u>27,058</u>	<u>19.0</u>	<u>29,806</u>	<u>18.4</u>
Marketing, event planning and consulting services	<u>26,521</u>	<u>18.6</u>	<u>40,840</u>	<u>25.1</u>
Sub-total	<u>53,579</u>	<u>37.6</u>	<u>70,646</u>	<u>43.5</u>
<b>Property management businesses:</b>				
Property management and leasing related services	<u>74,206</u>	<u>52.2</u>	<u>–</u>	<u>N/A</u>
Total	<u>142,272</u>	<u>100.0</u>	<u>162,429</u>	<u>100.0</u>

The Group recorded revenue of approximately HK\$142.3 million (2020: approximately HK\$162.4 million (restated)) for the Year, representing a decrease of approximately 12% as compared to the corresponding period of last year.

As a result of the Pandemic, outbound travel and tourism activities has been severely affected since late January 2020. Majority of the Group's revenue from diversified tourism products and services segment during the year ended 31 December 2020 were derived from January 2020, and revenue for the Year remained at a low level.

The Group's integrated development businesses served as an alternative revenue drive during the Year. Further details of these business performance are set out in section headed "Integrated Development Businesses" under "Business Review" in "Management Discussion and Analysis".

The Group has commenced its property management businesses since completion of the acquisition of the entire equity interest in Dongsheng PMS in May 2021, and had further expanded its leasing related business by completing the acquisition of the entire equity interest in Kinyoun International in August 2021. Details of the business performance are set out in the section headed "Property Management Businesses" under "Business Review" in "Management Discussion and Analysis".

#### Gross profit

The Group recorded gross profit of approximately HK\$38.8 million (2020: approximately HK\$25.0 million (restated)) for the Year, representing an increase of approximately 55% as compared to the corresponding period of last year. The increase in gross profit was primarily attributable to the commencement of property management businesses since May 2021 which had a higher gross profit percentage as compared to the revenue from diversified tourism products and services businesses and integrated development businesses.

The increase in gross profit percentage from 15% (restated) during the year ended 31 December 2020 to 27% during the Year was mainly attributable to the increase in proportion of revenue from property management businesses to total revenue during the Year, which had a higher gross profit percentage than that of the revenue from diversified tourism products and services businesses and integrated development businesses.

#### Loss for the Year from continuing operations

Loss for the Year from continuing operations amounted to approximately HK\$26.9 million (2020: approximately HK\$59.4 million (restated)). The decrease was primarily attributable to (1) the segment profit of the property management businesses of approximately HK\$7.9 million (2020: nil) during the Year; (2) the recognition of impairment of goodwill attributable to the businesses of Jinlv Shidai and Tu Men Travel in an aggregate amount of approximately HK\$15.4 million during the year ended 31 December 2020; and (3) the decrease in finance costs in connection with interest-free loans from non-controlling shareholders of a subsidiary of approximately HK\$9.6 million owing to the settlement of respective loans in 2020.

*b. Discontinued operations*

Included in profit for the year from discontinued operations for both years were the results of the below businesses:

- (1) the business of China Comfort, a then associate which was disposed of by the Group in October 2020. Upon completion of the disposal, share of loss of China Comfort of approximately HK\$14.3 million and gain on disposal of China Comfort of approximately HK\$25.7 million recognised during the year ended 31 December 2020 were classified as “profit for the year from discontinued operations” in the consolidated statement of profit or loss; and
- (2) the Group’s property development business in New Zealand. Pursuant to a shareholder resolution of Orient Victory New Zealand Limited, a wholly-owned subsidiary of the Company dated 6 September 2021, as all the Group’s land and residential properties in New Zealand were disposed of by May 2021 and the Group had no further investment and development plan in New Zealand, it was resolved to commence the liquidation procedures of all the Group’s wholly-owned subsidiaries in New Zealand. The liquidation procedures were completed on 5 November 2021. Accordingly, results of the Group’s property development business in New Zealand (with net profit of approximately HK\$6.2 million (2020: approximately HK\$3.1 million) for the Year) were classified and presented as a discontinued operation in the Group’s consolidated financial statements, and the comparative figures of the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, and corresponding notes have been restated to reflected the discontinued operation separately from continuing operations. The increase in net profit of the property development business in New Zealand during the Year was primarily attributable to the recognition of net gain on disposal of the remaining portion of the piece of land located in New Zealand of approximately HK\$9.3 million (2020: nil), details of which are set out in the section headed “Integrated Development Businesses” under “Business Review” in “Management Discussion and Analysis”.

***Assets Structure***

As at 31 December 2021 and 31 December 2020, the Group’s assets mainly included property, plant and equipment, investment properties, interest in an associate, inventories, trade receivables, prepayments, deposits and other receivables and advances to an associate, restricted bank deposits and cash and cash equivalents, and assets held for sale, details of which are set out below:

- i. Property, plant and equipment of approximately HK\$137.9 million (2020: approximately HK\$131.4 million) as at 31 December 2021 mainly represented properties and other equipment of the tourist attraction and cultural spot owned by Tu Men Travel in the net carrying amount of approximately HK\$129.1 million (2020: approximately HK\$128.9 million).

- ii. Investment properties of approximately HK\$100.6 million (2020: approximately HK\$139.4 million) as at 31 December 2021 represented fair values of the right-of-use assets of non-residential properties located in Shijiazhuang and Xingtai, Hebei Province, the PRC leased by Dongsheng PMS and subsidiaries of Kinyoun International from property owners to earn rentals of approximately HK\$100.6 million (2020: nil). The decrease in total balance of investment properties was attributable to the net effect of the recognition of the above-mentioned right-of-use-assets and the deconsolidation of the piece of land of Dakun Zhifang in the carrying amount of approximately HK\$139.4 million recognised as investment properties as at 31 December 2020 from 3 September 2021, details of which are set out in the section headed “Integrated Development Businesses” under “Business Review” in “Management Discussion and Analysis”.
- iii. Interest in an associate of approximately HK\$32.9 million (2020: nil) as at 31 December 2021 represented the Group’s 40% equity interest in Dakun Zhifang, which ceased to be the Group’s subsidiary and became the Group’s associate since 3 September 2021, details of which are set out in the section headed “Integrated Development Businesses” under “Business Review” in “Management Discussion and Analysis”.
- iv. Inventories of approximately HK\$16.4 million (2020: approximately HK\$214.6 million) as at 31 December 2021 mainly represented carrying amount of the piece of land in Shijiazhuang, the PRC with an aggregate area of 14,637 square meters under planning stage of approximately HK\$15.8 million (2020: approximately HK\$15.0 million). The decrease in total balance of inventories was mainly attributable to (1) the return of the piece of land in Shijiazhuang, the PRC with an aggregate area of approximately 21,647 square meters in the carrying amount of approximately HK\$102.3 million as at 31 December 2020, details of which are set out in the section headed “Integrated Development Businesses” under “Business Review” in “Management Discussion and Analysis”; and (2) the deconsolidation of the piece of land of Dakun Zhifang in the carrying amount of approximately HK\$96.9 million recognised as inventories as at 31 December 2020 from 3 September 2021, details of which are set out in the section headed “Integrated Development Businesses” under “Business Review” in “Management Discussion and Analysis”.
- v. Trade receivables of approximately HK\$30.6 million (2020: approximately HK\$19.7 million) as at 31 December 2021 were mainly derived from the marketing, event planning and consulting services under the integrated development segment of approximately HK\$11.7 million (2020: approximately HK\$18.9 million) and the property management businesses of approximately HK\$14.2 million (2020: nil). The increase in trade receivables was mainly attributable to the combined effect of the collection of trade receivables and the acquisition of Dongsheng PMS during the Year.

- vi. Prepayments, deposits and other receivables and advances to an associate of approximately HK\$314.6 million (2020: approximately HK\$109.7 million) as at 31 December 2021 mainly represented (1) receivables of approximately HK\$73.4 million (2020: nil) for the return of the piece of land in Shijiazhuang, the PRC with an aggregate area of approximately 21,647 square meters as detailed in the section headed “Integrated Development Businesses” under “Business Review” in “Management Discussion and Analysis”; (2) loans to certain independent third parties of the Company in an aggregate amount of approximately HK\$61.2 million (2020: nil) which were subsequently settled on 4 January 2022; and (3) the Advances of approximately HK\$153.9 million (2020: nil).
- vii. Restricted bank deposits and cash and cash equivalents were approximately HK\$256.6 million (2020: approximately HK\$181.5 million) as at 31 December 2021. The increase was mainly attributable to the combined effect of (1) the receipt of consideration for the disposal of the remaining portion of the piece of land located in New Zealand of approximately HK\$56.5 million; (2) the receipt of certain refundable prepayments for investments of approximately HK\$81.5 million; and (3) loans provided to certain independent third parties of the Company in an aggregate amount of approximately HK\$61.2 million.
- viii. Assets held for sale as at 31 December 2020 represented the remaining portion of the piece of land located in New Zealand as detailed in section headed “Integrated Development Businesses” under “Business Review” in “Management Discussion and Analysis”, which was disposed of in May 2021.

### ***Liabilities Structure***

As at 31 December 2021 and 31 December 2020, the Group’s liabilities mainly included trade payables and contract liabilities, other payables and accruals and lease liabilities, details of which are set out below:

- i. Trade payables and contract liabilities were approximately HK\$65.0 million (2020: approximately HK\$36.4 million) as at 31 December 2021. The increase was mainly attributable to the acquisitions of Dongsheng PMS and Kinyoun International, resulting in an increase in receipts in advance from customers from property management businesses by approximately HK\$25.6 million in aggregate as compared to 31 December 2020.
- ii. Other payables and accruals of approximately HK\$94.0 million (2020: approximately HK\$92.6 million) as at 31 December 2021 mainly consisted of consideration payable regarding the acquisition of Tu Men Travel of approximately HK\$32.0 million (2020: approximately HK\$37.7 million), and land and construction costs payable of approximately HK\$10.7 million (2020: approximately HK\$21.9 million).

- iii. Lease liabilities of approximately HK\$71.5 million (2020: approximately HK\$2.2 million) as at 31 December 2021 mainly comprised lease liabilities of the right-of-use assets of non-residential properties located in Shijiazhuang and Xingtai, Hebei Province, the PRC leased by Dongsheng PMS and subsidiaries of Kinyoun International from property owners to earn rentals of approximately HK\$67.3 million (2020: nil).

## **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 2021, the Group had a current ratio of approximately 3.7 (2020: approximately 4.4). All the Group's short-term borrowings and long-term borrowings were settled in 2020 and as such gearing ratio (calculated by dividing net debt (defined as short-term borrowings and long-term borrowings, net of cash and cash equivalents) by total equity) was not applicable to the Group as at 31 December 2021 and 31 December 2020.

## **Foreign Exchange Exposure**

Majority of the subsidiaries of the Group operate in the PRC with most of the transactions denominated and settled in RMB. Fluctuations of 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 2021, the Group had capital commitment relating to the investment in an equity security of approximately HK\$18.3 million (2020: the investments in equity securities and developments of investment properties of approximately HK\$419.6 million in aggregate).

## **Material Acquisition, Investments and Disposal**

On 4 March 2021, the Group entered into an investment agreement with a bank and subscribed for a structured product in the sum of RMB90,000,000 (equivalent to approximately HK\$108,134,000) on 5 March 2021. On 31 March 2021, the Group requested the bank to redeem the structured product at the redemption price of RMB90,151,000 (equivalent to approximately HK\$108,316,000). Details of the subscription and redemption are set out in the Company's announcement dated 13 April 2021.

On 18 May 2021, the Group completed the acquisition of the entire equity interest in Dongsheng PMS. Further details of the acquisition are set out in the section headed “Property Management Businesses” under “Business Review” in “Management Discussion and Analysis”.

On 9 August 2021, the Group completed the acquisition of the entire equity interest in Kinyoun International. Further details of the acquisition are set out in the section headed “Property Management Businesses” under “Business Review” in “Management Discussion and Analysis”.

Save as disclosed above, 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 2021 and 31 December 2020, the Group pledged the entire equity interest in Hua Yu New Life Services (Shenzhen) Company Limited\* (華譽新生活服務(深圳)有限公司), 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 perpetual convertible securities issued on 30 March 2016 with an aggregate principal amount of approximately HK\$70.0 million, details of which are set out in the Company’s announcement dated 30 March 2016 and the Company’s circular dated 29 January 2016.

### **Material Contingent Liabilities**

As at 31 December 2021 and 31 December 2020, the Group had no material contingent liabilities.

### **Number and Remuneration of Employees**

As at 31 December 2021, the total number of employees of the Group was approximately 680 (2020: approximately 190). Staff costs (including Directors’ emoluments) of approximately HK\$22.6 million (2020: approximately HK\$30.0 million (restated)) 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. Performance of the employees is normally reviewed on an annual basis with adjustment to their salaries comparable to that of the market. Individual employees may also receive a discretionary bonus at the end of each year based on their individual performance.

### **Final Dividend**

The Board does not recommend the payment of a final dividend for the Year (2020: nil).

## Events after the Reporting Period

### ***(a) Notice of payment of eleventh distribution of the unlisted perpetual convertible securities***

Reference is made to the prospectus issued by the Company dated 29 September 2016 in relation to the open offer of offered shares with an alternative of unlisted perpetual convertible securities on the basis of one offered share for every five ordinary shares held on 28 September 2016.

As detailed in the Company's announcement dated 9 March 2022, the eleventh distribution at the distribution rate of 6% per annum on the perpetual convertible securities will be made to the convertible securities holders on 25 April 2022.

### ***(b) Acquisition of commercial units located at Shijiazhuang City, Hebei Province, the PRC***

Pursuant to the sale and purchase agreements (pre-sale) all dated 20 January 2022 (as supplemented on 20 January 2022) entered into between Hebei Qifuqianyue Real Estate Development Co., Ltd.\* (河北祈福乾悦房地產開發有限公司) (“**Qifuqianyue**”, which is owned as to 51% by OVPD (which is wholly-owned by Mr. Shi)) and Dongsheng PMS, Dongsheng PMS agreed to acquire, and Qifuqianyue agreed to sell, 47 commercial units 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號紫晶悦和中心南區), for a total consideration of RMB22,876,305 (equivalent to approximately HK\$27,980,000). Up to the date of this announcement, Qifuqianyue had completed the filing procedures (i.e. the online signing and record uploaded) of the sale and purchase agreements and Dongsheng PMS had settled the consideration.

## CORPORATE GOVERNANCE

The Company had complied with the code provisions as set out in the “Corporate Governance Code” (the “**CG Code**”) contained in Appendix 14 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 separated and should not be performed by the same individual. Despite the responsibilities of the chairman and the chief executive officer of the Company vested in Mr. Shi during the Year, all major decisions are made in consultation with the Board. The Board considers that there is sufficient balance of power; and the current corporate arrangement maintains a strong management position of the Company.

## **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 10 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.

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

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

## **AUDIT COMMITTEE**

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 two independent non-executive Directors, namely Mr. Swei Feng-jih (being the chairman) and Mr. He Qi, and a non-executive Director, namely, Ms. Song Sining. 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.

## **REVIEW OF PRELIMINARY ANNOUNCEMENT**

The financial figures in respect of the Group’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 this preliminary announcement have been compared by the Group’s auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group’s draft consolidated financial statements for the Year and the amounts were found to be in agreement.

The work performed by KPMG in this respect did not constitute an audit, review or other 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 assurance has been expressed by the auditor.

## **PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT**

This annual results announcement is published on the websites of the Company ([www.orientvictory.com.hk](http://www.orientvictory.com.hk)) and Hong Kong Exchanges and Clearing Limited ([www.hkexnews.hk](http://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.

On behalf of the Board

**Orient Victory Travel Group Company Limited**

**Shi Baodong**

*Chairman, Chief Executive Officer and Executive Director*

Hong Kong, 30 March 2022

*As at the date of this announcement, the Board comprises three executive Directors, being Mr. Shi Baodong, Mr. Zhao Huining and Mr. Mo Yueming, one non-executive Director, being Ms. Song Sining, and three independent non-executive Directors, being Mr. Dong Xiaojie, Mr. He Qi and Mr. Swei Feng-jih.*

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