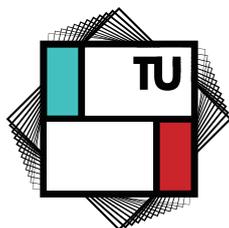


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TIMES UNIVERSAL GROUP HOLDINGS LIMITED

時代環球集團控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 2310)

ANNOUNCEMENT OF UNAUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

UNAUDITED CONSOLIDATED RESULTS

For the reasons explained below under “Review of Unaudited Annual Results”, the auditing process for the annual results of Times Universal Group Holdings Limited (the “**Company**”) and its subsidiaries (collectively the “**Group**”) has not been completed. In the meantime, the board (the “**Board**”) of directors (the “**Directors**”) of the Company is pleased to announce the unaudited consolidated results of the Group for the year ended 31 December 2021 as follows:

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Notes	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Audited)
Revenue	4	84,499	58,803
Direct costs		<u>(59,549)</u>	<u>(41,533)</u>
Gross profit		24,950	17,270
Other income and gain, net	5	3,408	8,304
Share of loss of an associate		–	(4,349)
Share of loss of joint ventures		–	(15,335)
Impairment loss on interests in joint ventures		–	(29,523)
Impairment loss on intangible assets		–	(385)
Impairment losses under expected credit loss model on trade and other receivables		(5,144)	(22,613)
Administrative expenses		(33,896)	(28,359)
Finance costs	6	<u>(4,046)</u>	<u>(4,979)</u>
Loss before income tax	7	(14,728)	(79,969)
Income tax (expense) credit	8	<u>(1,166)</u>	<u>1,189</u>
Loss for the year		<u><u>(15,894)</u></u>	<u><u>(78,780)</u></u>

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Other comprehensive income for the year			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
– Exchange differences on translation of financial statements of overseas operations		266	577
– Share of other comprehensive income of joint ventures	<i>11</i>	<u>–</u>	<u>342</u>
Other comprehensive income for the year		<u>266</u>	<u>919</u>
Total comprehensive expense attributable to the equity shareholders of the Company for the year		<u>(15,628)</u>	<u>(77,861)</u>
Loss per share attributable to equity shareholders of the Company			
		<i>HK cents</i>	<i>HK cent</i>
Basic and diluted	<i>10</i>	<u>(1.45)</u>	<u>(8.52)</u>

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	<i>Notes</i>	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Audited)
Non-current assets			
Property, plant and equipment		84,914	85,533
Intangible assets		15,958	20,520
Right-of-use assets		12,741	2,894
Interest in an associate		16,865	16,865
Interests in joint ventures	<i>11</i>	–	–
Deferred tax assets		3,998	3,875
Goodwill		3,547	–
		138,023	129,687
Current assets			
Inventories		656	584
Cryptocurrencies		5,043	–
Trade and other receivables	<i>12</i>	19,247	12,818
Bank balances and cash		25,527	47,831
		50,473	61,233
Current liabilities			
Trade and other payables	<i>13</i>	(28,026)	(23,228)
Contract liabilities		(5,527)	(4,284)
Current taxation		(15,908)	(14,671)
Secured loans		(29,857)	(33,667)
Bonds	<i>14</i>	(30,181)	(10,181)
Lease liabilities		(1,366)	(2,518)
		(110,865)	(88,549)
Net current liabilities		(60,392)	(27,316)
Total assets less current liabilities		77,631	102,371
Non-current liabilities			
Deferred tax liabilities		(5,354)	(5,355)
Loans from controlling shareholders		(20,558)	(20,558)
Bonds	<i>14</i>	(20,000)	(40,000)
Lease liabilities		(11,620)	(732)
		(57,532)	(66,645)
Net assets		20,099	35,726

	2021	2020
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Capital and reserves		
Share capital	441,350	441,350
Reserves	<u>(421,251)</u>	<u>(405,624)</u>
Total equity attributable to equity shareholders of the Company	<u>20,099</u>	<u>35,726</u>

Notes:

1. GENERAL

Times Universal Group Holdings Limited (the “**Company**”) was incorporated in Hong Kong with limited liability. The addresses of the registered office and principal place of business of the Company is Unit 3002, 30/F, Workington Tower, 78 Bonham Strand, Sheung Wan, Hong Kong.

The controlling shareholder of the Group is Mr. Choi Yun Chor (the “**Controlling Shareholder**”).

The Company is an investment holding company and the principal activities of the Company and its subsidiaries (collectively referred to as the “**Group**”) are hotel operation in Canada and properties management in the People’s Republic of China (the “**PRC**”).

The functional currency of the Company is Hong Kong dollar (“**HK\$**”). For the purposes of presenting the unaudited consolidated financial statements, the Group adopted HK\$ as its presentation currency as its shares are listed in Hong Kong.

The unaudited consolidated financial statements are presented in thousands of HK\$ (“**HK\$’000**”), unless otherwise stated.

2. BASIS OF PREPARATION

These annual unaudited consolidated financial statements have been prepared in accordance with 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 (“**HKICPA**”), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. The unaudited consolidated financial statements also comply with the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange (“**Listing Rules**”).

The adoption of new and amended HKFRSs and the impacts on the Group’s consolidated financial statements, if any, are disclosed in note 3. The unaudited consolidated financial statements have been prepared on the historical cost basis.

As at 31 December 2021, the Group’s current liabilities exceeded its current assets by approximately HK\$60,392,000. Such event or condition indicates the existence of material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern, and thus, the Group may not be able to realise its assets and discharge its liabilities in the normal course of business.

In order to ensure the Group’s ability to operate as a going concern, certain plans and measures have been taken to mitigate the liquidity pressure and to improve its unaudited consolidate financial position which including, but not limited to, the following:

- (i) The Controlling Shareholder have given an undertaking to provide continuing financial support to the Group to enable it to meet its liabilities as and when they fall due and to enable the Group to continue in operational existence; and

- (ii) the directors of the Company (the “**Directors**”) have carried out a detail review of the working capital forecast of the Group for the twelve months ending 31 December 2022, which took into account the projected future working capital of the Group.

The Directors believe that the Group will continue as a going concern and therefore consider it is appropriate to adopt a going concern basis in preparing its unaudited consolidated financial statements.

Should the Group be unable to continue its business as a going concern, adjustments would have to be made in the unaudited consolidated financial statements to restate the values of the assets to their recoverable amounts and to provide for any further liabilities which might arise and to reclassify non-current assets as current assets.

It should be noted that accounting estimates and assumptions are used in preparation of the unaudited consolidated financial statements. Although these estimates are based on management’s best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates.

3. CHANGES IN ACCOUNTING POLICIES AND ADOPTION OF NEW AND AMENDED HKFRSs

Amended HKFRSs that are effective for annual periods beginning on or after 1 January 2021

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2021 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	Covid-19 Related Rent Concessions
Amendments to HKFRS 9, Hong Kong Accounting Standards (“ HKAS ”) 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phrase 2

Except for the new and amendments to HKFRSs mentioned in the consolidated financial statements, the application of the amendments to HKFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these unaudited consolidated financial statements.

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts and the related Amendments ³
Amendments to HKFRS 3	Reference to the Conceptual Framework ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendments to HKFRS 16	Covid-19-Related Rent Concession beyond 30 June 2021 ¹
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ³
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ³
Amendments to HKAS 8	Definition of Accounting Estimates ³
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ³
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use ²
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ²
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020 ²

¹ Effective for annual periods beginning on or after 1 April 2021.

² Effective for annual periods beginning on or after 1 January 2022.

³ Effective for annual periods beginning on or after 1 January 2023.

⁴ Effective for annual periods beginning on or after a date to be determined.

Except for the new and amendments to HKFRSs mentioned in the consolidated financial statements, the Directors anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

4. REVENUE

The Group's principal activities are disclosed in note 1.

Revenue from the Group's principal activities recognised during the year is as follows:

	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Audited)
Hotel operation income	42,336	23,609
Properties management income	42,163	35,194
	84,499	58,803

5. OTHER INCOME AND GAIN, NET

	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Audited)
Interest income from bank deposits	–	10
Gain on disposal of property, plant and equipment	–	54
Gain on investment in cryptocurrencies	455	–
Gain on loans from controlling shareholders stated at fair value upon initial recognition	–	1,564
Loss on revaluation of cryptocurrency	(3,037)	–
Government grants (<i>note</i>)	4,151	5,792
Recognition of income attributable to unused gift certificates	–	–
Others	1,839	884
	<u>3,408</u>	<u>8,304</u>

Note: The amounts mainly relate to government grants provided as an incentive for maintaining good quality of properties management service and to provide financial support to retain employees. During the year ended 31 December 2021, the Group recognised government grants of Canadian dollar (“CAD”) approximately 668,000 (equivalent to approximately HK\$4,142,000) which related to Emergency Wage Subsidy and Emergency Rent Subsidy provided by the Canada Federal Government. There are no condition and contingencies attached to the receipt of the government grants and they are non-recurring in nature.

6. FINANCE COSTS

	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Audited)
Interests on:		
– Secured loans	1,452	1,587
– Bonds	2,345	3,101
– Imputed interest on amount due to a shareholder	74	72
– Imputed interest on loans from controlling shareholders	–	32
– Lease liabilities	175	187
	<u>4,046</u>	<u>4,979</u>

7. LOSS BEFORE INCOME TAX

Loss before income tax has been arrived at after charging:

	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Audited)
Auditor's remuneration	1,140	1,088
Staff costs (including directors' emolument)	40,360	30,259
– salaries, wages, allowances and other benefits in kind	38,623	29,226
– bonus	104	211
– retirement benefits schemes contributions (<i>note</i>)	1,633	822
Cost of inventories recognised as expenses	2,921	4,662
Depreciation	4,945	4,932
– Property, plant and equipment	2,651	2,821
– Right-of-use assets	2,294	2,111
Amortisation of intangible assets	4,562	4,562
Impairment loss on interests in joint ventures (<i>note 11</i>)	–	29,523
Impairment loss on intangible assets	–	385
Impairment loss under expected credit loss model of trade receivables (<i>note 12</i>)	5,144	20,821
Impairment loss under expected credit loss model of other receivables	–	1,792
	<u> </u>	<u> </u>

Note: During the year ended 31 December 2020, the decrease in retirement benefit scheme contributions was primarily due to the exemption of social insurance contributions as a result of regulatory supportive policies issued by the PRC local governments in response to the outbreak of Covid-19.

8. INCOME TAX EXPENSE (CREDIT)

Taxation in the consolidated statement of profit or loss and other comprehensive income represents:

	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Audited)
PRC Corporate Income Tax (“CIT”)		
Provision for the year	<u>1,166</u>	<u>1,326</u>
Deferred tax		
Current year	<u>–</u>	<u>(2,515)</u>
	<u>1,166</u>	<u>(1,189)</u>

Notes:

- (a) No Hong Kong Profits Tax has been provided in the consolidated financial statements as the Group had no assessable profit in Hong Kong for the years ended 31 December 2021 and 2020.
- (b) Provision for the PRC CIT is calculated at 25% of the estimated assessable profits for the years ended 31 December 2021 and 2020.
- (c) Pursuant to the relevant laws and regulation in the PRC, Nuofute Property Management Co., Ltd. (“**Nuofute Property Management**”) is qualified as small low-profit enterprises enjoyed a preferential tax rate of 20% for the years ended 31 December 2021 and 2020. In addition, in accordance with the “Notice on Preferential Income Tax Policies Applicable to Small Low-profit Enterprises”, Nuofute Property Management is also entitled to a tax concession for 75% and 50% of its taxable income for the annual taxable income of less than Renminbi (“**RMB**”) 1,000,000 and the portion that exceeds RMB1,000,000 but does not exceed RMB3,000,000 (inclusive) for the years ended 31 December 2021 and 2020, respectively.
- (d) Canadian Corporation Tax is calculated at Federal Tax rate of 15% and British Columbia Provincial Tax rate of 12% on the estimated assessable profits for the years ended 31 December 2021 and 2020. No provision for taxation has been made as there is no assessable profit for the years ended 31 December 2021 and 2020.
- (e) United States of America (“**USA**”) Corporation Tax is calculated at Federal Tax rate of 21% and California State Tax rate of 8.84% on the estimated assessable profits for the years ended 31 December 2021 and 2020. No provision for taxation has been made as there is no assessable profit for the years ended 31 December 2021 and 2020.
- (f) Pursuant to the rules and regulations of the British Virgin Islands (“**BVI**”), the Group is not subject to any income tax in the BVI for the years ended 31 December 2021 and 2020.

9. DIVIDEND

No dividend was paid or proposed during the years ended 31 December 2021 and 2020, nor has any dividend been proposed since the end of the reporting period.

10. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to equity shareholders of the Company is based on the following:

	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Audited)
Loss		
Loss for the purpose of basic loss per share		
Loss for the year attributable to equity shareholders of the Company	<u><u>(15,894)</u></u>	<u><u>(78,780)</u></u>
	<i>'000</i> (Unaudited)	<i>'000</i> (Audited)
Number of shares		
Weighted average number of ordinary shares as at 31 December	<u><u>1,092,877</u></u>	<u><u>924,373</u></u>

The diluted loss per share is the same as basic loss per share as the Company did not have any outstanding dilutive potential ordinary shares during the years ended 31 December 2021 and 2020.

11. INTERESTS IN JOINT VENTURES

	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Audited)
Share of net assets	–	–
Amount due from a joint venture	29,523	29,523
Impairment loss	(29,523)	(29,523)
	<hr/>	<hr/>
	–	–
Represented by:		
Investment costs	15,758	15,758
Share of post-acquisition reserves	(14,876)	(14,876)
Exchange adjustments	(882)	(882)
	<hr/>	<hr/>
	–	–
Amount due from a joint venture	29,523	29,523
Impairment loss (<i>note</i>)	(29,523)	(29,523)
	<hr/>	<hr/>
At 31 December	<hr/> <hr/>	<hr/> <hr/>

Pursuant to the acquisition agreement, unanimous consent from both shareholders are required for certain key corporate matters of Triple Market and its subsidiaries (“**Triple Market Group**”). Therefore, Triple Market Group is under the joint control of the Group. The Group has the right to the net assets of Triple Market Group. Accordingly, the investment in Triple Market Group was accounted for as joint ventures of the Group by using the equity method.

The Group has not incurred any contingent liabilities or other commitments relating to its interests in the joint ventures (2020: Nil).

The amount due from a joint venture is unsecured, non-interest bearing and not expected to be repaid within one year.

Note:

In July 2019, all the investment properties of Chongqing Xingling were seized by the Intermediate People’s Court of Chongqing (重慶第一中級人民法院) (the “**Court**”) in relation to a loan dispute with a financial institution. As at 31 December 2021, as advised by the Company’s PRC legal advisor, the joint ventures do not possess control over the seized investment properties because the seized investment properties of the joint ventures are held under a compulsory auction as ordered by the Court during the year ended 31 December 2021. The management of the Company is of the opinion that the joint ventures are unlikely to repossess the investment properties and therefore impairment loss on the interests in joint ventures of approximately HK\$29,523,000 was made during the year ended 31 December 2020.

* The English translation of the names of the companies established in the PRC is for reference only. The official names of the companies are in Chinese.

	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Audited)
Revenue	–	–
Other income and gain, net	–	–
Total operating expenses	–	(89,021)
Loss before income tax	–	(89,021)
Income tax expenses	–	–
Loss for the year	–	(89,021)
Other comprehensive income for the year		
Exchange differences on translation of financial statements of the overseas joint ventures	–	698
Total Comprehensive expense	–	(88,323)

12. TRADE AND OTHER RECEIVABLES

	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Audited)
Trade receivables with third parties, net of loss allowance (<i>note (a)</i>)	9,671	5,915
Other receivables, net of loss allowance	4,391	1,493
Amounts due from third parties, net of loss allowance	3,197	3,316
Deposits	766	1,116
Prepayments	1,222	978
	19,247	12,818

(a) **Trade receivables**

The Group allows an average credit period of 0 to 30 days to its trade customers. The following is an ageing analysis of trade receivables, net of loss allowance, based on the date of delivery of goods or date of rendering of services which approximated the respective dates on which revenue was recognised:

	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Audited)
Within 90 days	1,697	2,719
91 to 180 days	818	613
181 to 365 days	1,634	476
1 to 2 years	3,640	1,533
2 to 3 years	1,537	51
Over 3 years	345	523
	<hr/> 9,671 <hr/>	<hr/> 5,915 <hr/>

13. TRADE AND OTHER PAYABLES

	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Audited)
Trade payables	953	417
Accruals	2,663	2,220
Bond interest payable	3,275	2,929
Other payables	18,221	14,821
Amount due to a shareholder	2,914	2,841
	<hr/> 28,026 <hr/>	<hr/> 23,228 <hr/>

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

	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Audited)
Within 90 days	899	321
91 to 180 days	3	23
Over 365 days	51	73
	<u>953</u>	<u>417</u>

The average credit period on purchases of goods is 0 to 90 days.

14. BONDS

	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Audited)
Current portion:		
Bonds carried at fixed coupon rate of 3% per annum	10,181	10,181
Bonds carried at fixed coupon rate of 6% per annum	20,000	–
	<u>30,181</u>	<u>10,181</u>
Non-current portion:		
Bonds carried at fixed coupon rate of 6% per annum	–	20,000
Bonds carried at fixed coupon rate of 8% per annum	10,000	10,000
Bonds carried at fixed coupon rate of 3% per annum	10,000	10,000
	<u>20,000</u>	<u>40,000</u>
	<u>50,181</u>	<u>50,181</u>

REVIEW OF UNAUDITED ANNUAL RESULTS

The auditing process for the annual results for the year ended 31 December 2021 has not been completed due to restrictions in force in parts of China to combat the COVID-19 coronavirus outbreak. The unaudited results contained herein have not been agreed by the Company's auditor. An announcement relating to the audited results will be made when the auditing process has been completed in accordance with Hong Kong Standards on Auditing issued by Hong Kong Institute of Certified Public Accountants. The unaudited annual results contained herein have been reviewed by the audit committee of the Company.

DIVIDEND

The Board does not recommend the payment of any final dividend in respect of the year ended 31 December 2021 (2020: HK\$Nil). The Group's long-term dividend policy is to distribute not less than 30% of its net profit as a dividend each financial year, and the Board will review this dividend policy from time to time to ensure optimal returns to shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue and Segment Information

Revenue represents hotel operation income and property management income. Revenue increased by 43.7% to approximately HK\$84,499,000 from approximately HK\$58,803,000 in 2020 was mainly due to the partial operation of the hotel during this year and increase in property management business.

Direct Costs

Direct costs increased by approximately HK\$18,016,000 or 43.4% to approximately HK\$59,549,000. The increase was mainly due to partial operations of the hotel and increase in property management business.

Gross Profit

Gross profit increased approximately HK\$7,680,000 or 44.5% which was in line with the increase in revenue and direct costs.

Other Income and Gain, net

Other income and gain, net decreased by approximately HK\$4,896,000 from approximately HK\$8,304,000 in 2020 to approximately HK\$3,408,000 in 2021. The decrease was mainly due to revaluation loss on cryptocurrencies of approximately HK\$3,037,000 offset by the government grants of approximately HK\$4,151,000 received as a result of COVID-19 pandemic.

Administrative Expenses

Administrative expenses increased by approximately HK\$5,537,000 from approximately HK\$28,359,000 in 2020 to approximately HK\$33,896,000 in 2021 was mainly due to the increase in rental cost for cryptocurrency investment and increase in staff costs in hotel operation in response to the partial operations of the hotel.

Finance Costs

Finance costs decreased by approximately HK\$933,000 from approximately HK\$4,979,000 in 2020 to approximately HK\$4,046,000 in 2021 was mainly due to decrease in interest cost after the repayment of bond in July 2020 and repayment of one of the secure bank loans from ICBC of Canada in September 2021.

Loss for the Year

As a result of the foregoing combined effects of the above, the Group recorded a net loss of approximately HK\$15,894,000 for the year ended 31 December 2021.

Liquidity and Financial Resources

As at 31 December 2021, the Group's net current liabilities and current ratio were approximately HK\$60,392,000 and 0.46 respectively (net current liabilities and current ratio in 2020: HK\$27,316,000 and 0.69 respectively).

Charge on Assets

As at 31 December 2021, the Group's land and buildings held for own use of approximately HK\$83,851,000 (2020: approximately HK\$84,733,000) were pledged to secure banking facilities granted to the Group.

Capital Structure

For the year ended 31 December 2021, the Group financed its liquidity requirements through a combination of cash flow as generated from operations, secured loans, bonds and loans from controlling shareholders.

Capital Commitment and Contingent Liabilities

As at 31 December 2021, the Group did not have any significant capital commitment and contingent liabilities.

BUSINESS REVIEW

Hotel Operation Business

Revenue from hotel operation accounted for approximately 50.1% of the total revenue. Hotel occupancy rate increased to 71.1% in 2021 from 39.1% in 2020 owing to the COVID-19 pandemic which caused the hotel to close for prolonged periods. The revenue was therefore increased by approximately HK\$18,727,000 from approximately HK\$23,609,000 in 2020 to approximately HK\$42,336,000 in 2021. The increase was mainly due to the hotel partially operated in 2021.

Property Management Business

Revenue from property management business amounted to approximately HK\$42,163,000, representing an increase of 19.8% comparing to approximately HK\$35,194,000 in 2020. The increase was mainly due to increase in property management fee.

Net Gearing Ratio

The net gearing ratio was 3.73 as at 31 December 2021 (31 December 2020: 1.58). The net gearing ratio was measured by net debt (including secured loans, loans from controlling shareholders, and bonds, and deducting bank balances and cash) over total equity.

Staff and Remuneration Policy

As at 31 December 2021, the Group had approximately 281 employees, including 199 based in the PRC, 11 based in Hong Kong and 71 based in Canada. Staff costs for the year ended 31 December 2021 were approximately HK\$40,360,000, representing a decrease of approximately HK\$10,101,000 as compared to approximately HK\$30,259,000 of last year due to the staff costs increased in hotel operation and increase in the property management business.

Employee remuneration is determined in accordance with prevailing industry practice and employees' performance and experience. Discretionary bonuses are awarded to employees with outstanding performance with reference to the performance of the Group. Employees are also entitled to other staff benefits including medical insurance and mandatory provident fund.

Foreign Exchange Fluctuation and Hedge

The Group is not subject to material foreign currency exposure since its operations in the PRC and Canada are mainly denominated in RMB and CAD respectively and the Group's revenue and operating costs in the PRC and Canada are denominated in the functional currency of the Group's entity generating the sales or incurring the costs. Accordingly, the directors consider that the currency risk is not significant. As such, no hedging instrument is considered necessary by the Board during the year. The directors will monitor the Group's exposure on an ongoing basis and will consider hedging the currency risk should the need arise.

During the years ended 31 December 2021 and 2020, the Group did not enter into any forward foreign currency contracts.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES, AND JOINT VENTURES, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS.

Acquisition of Three Companies

Pursuant to the sale and purchase agreement dated 9 September 2021 entered into among Yang Jin Chu and Yang Jing as vendors and Chongqing Ailuojia Technology Service Limited* (重慶愛洛家科技服務有限公司) (“**Ailuojia**”), an indirect wholly-owned subsidiary of the Company, as purchaser, Ailuojia agreed to acquire the entire equity interest in Chongqing Haotai Property Management Limited* (重慶市昊泰物業管理有限責任公司) (“**Haotai**”), Chongqing Jia Duan Technology Company Limited* (重慶市嘉端科技有限責任公司) (“**Jiaduan**”) and Chongqing Qi Chang Technology Company Limited* (重慶企暢科技有限責任公司) (“**Qichang**”) and two copyright registrations in the PRC in relation to smart home software at a total consideration of RMB2,950,000.00. Haotai is a company engaged in the provision of property management services. Jiaduan is a company engaged in investment holding. Qichang is a company engaged in provision of internet property management services. Upon completion of such acquisition, Haotai, Jiaduan and Qichang has become subsidiaries of the Group. For more details, please refer to the announcement of the Company dated 9 September 2021.

** For identification purpose only*

Acquisition of Cryptocurrencies

Best Master Limited, an indirect wholly-owned subsidiary of the Company purchased 12,000 units of Filecoin through a series of on-market transactions on the trading platform at a aggregate consideration (excluding handling charges) of US\$634,942. The Group intends to utilize the cryptocurrency as collateral for Filecoin mining purpose, which in turn, would allow the Group to tap into the cryptocurrency business and diversify the business operation of the Group. For more details, please refer to the announcement of the Company dated 14 July 2021.

Prospects

The property management segment continues to be the key sources of income for the Group. Management believes that property management industry in China will continue to grow steadily and bring stable income to the Group. While exploring new property management projects, the Group will actively consider expanding this segment through acquisitions.

Despite the hotel operation business was partially opened in 2021, it was still a difficult year for the hotel operation business and the global tourism industry has been devastated. Although management believes that demand for hotel will return once the economy recovers, management expects that travel restrictions, quarantine and safety concerns will continue to deter people from travelling for the foreseeable future and that a full recovery will take several years. After all, management is confident in hotel operation and will continue to explore suitable business opportunities, with an aim to deliver substantial returns for shareholders of the Company through a series of acquisitions and proposed cooperation.

OTHER INFORMATION

Corporate Governance

The Company is committed to achieving a high standard of practices of corporate governance so as to ensure the protection of shareholders' interests with better transparency. The Company has complied with the code provisions of the Corporate Governance Code set out in Appendix 14 to the Rules (the "**Listing Rules**") Governing the Listing of Securities on the Stock Exchange during the year ended 31 December 2021.

Model Code for Securities Transactions by Directors

The Company has adopted Appendix 10, Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules (the "**Model Code**") as the code of practice for carrying out securities transactions by the directors of the Company. The Company, having made specific enquiries to all directors of the Company, confirmed that all directors have complied with the required standard of dealings as set out in the Model Code throughout the year ended 31 December 2021.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2021.

Review of Accounts

The audit committee of the Board, which comprises all independent non-executive directors of the Company, has reviewed the financial results of the Group for the year ended 31 December 2021, including the accounting principles and practices adopted by the Group, and has reviewed and discussed with the management on the effectiveness of the Group's system regarding the internal controls and accounts.

Publication of the Final Results and Annual Report

This results announcement has been published on the Company's website at www.timesuniversal.com.hk and the website of the Stock Exchange at www.hkexnews.hk. The 2021 annual report is expected to be despatched to shareholders of the Company on or before Friday, 29 April 2022, which will be also made available on the websites of the Company and the Stock Exchange.

By order of the Board
Times Universal Group Holdings Limited
CHOI YUN CHOR
Co-Chairman and Executive Director

Hong Kong, 31 March 2022

As at the date hereof, the executive Directors are Ms. YEUNG So Mui, Mr. CHOI Yun Chor, Mr. NG Kwai Wah Sunny, Mr. CHEN Jian, Mr. TAI Kwok Keung Kenny and Mr. LIN Junwei; and the independent non-executive Directors are Ms. LAI Cheuk Yu Cherrie, Mr. TING Wong Kacee and Dr. LOKE Yu (alias Loke Hoi Lam).