东胜智慧城市服务
ORIENT VICTORY SMART URBAN SERVICES

ORIENT VICTORY SMART URBAN SERVICES HOLDING LIMITED
東勝智慧城市服務控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 265)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

HIGHLIGHTS:

- The Group recorded revenue of approximately HK$342.4 million (2022: approximately HK$227.0 million) for the Year, representing an increase of approximately 50.8% as compared to the corresponding period of 2022, which was primarily driven by the increase in revenue generated in the environmental hygiene businesses. Attributable to the full-year operations of projects secured in 2022 and the obtaining of an additional project in 2023 from the environmental hygiene businesses during the Year, revenue of approximately HK$147.4 million (2022: approximately HK$40.8 million) was contributed to the Group, representing an increase of approximately 261.3% compared to the corresponding period of 2022.

- Profit for the Year attributable to the equity holders of the Company from continuing operations was approximately HK$33.5 million (2022: approximately HK$23.7 million). Such improvement was mainly attributable to (i) the increase in segment results of the environmental hygiene businesses for the Year due to the significant turnaround from a loss of approximately HK$4.0 million in 2022 to a profit of approximately HK$8.4 million in 2023; and (ii) a gain from the disposal of a subsidiary amounted to approximately HK$11.9 million.

- Basic and diluted earnings per share from continuing operations attributable to the equity holders of the Company for the Year was approximately HK0.17 cent (2022: approximately HK0.03 cent).

- The Board does not recommend the payment of a final dividend for the Year (2022: Nil).

The board (the "**Board**") of directors (the "**Director(s)**") of Orient Victory Smart Urban Services Holding Limited (the "**Company**") hereby announces the consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2023 (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 2023
*(Expressed in Hong Kong dollars ("**HK$**"))*

	Notes	**2023**	2022
		HK$'000	*HK$'000*
Continuing operations:			
Revenue	*3*	**342,371**	226,967
Cost of sales and services		**(257,190)**	(158,489)
Gross profit		**85,181**	68,478
Other income		**6,496**	4,552
Selling, general and administrative expenses		**(51,745)**	(35,741)
Share of results of an associate		**(2,013)**	(2,578)
Fair value changes on investment properties		**(5,564)**	(6,840)
Gain on disposal of subsidiary		**11,882**	–
Finance costs	*4*	**(2,514)**	(2,891)
Profit before taxation	*5*	**41,723**	24,980
Income tax	*6*	**(3,754)**	(3,223)
Profit for the year from continuing operations		**37,969**	21,757
Discontinued operation:			
Profit for the year from discontinued operation		**–**	6,158
Profit for the year		**37,969**	27,915

CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONTINUED)
For the year ended 31 December 2023
(Expressed in HK$)

	Note	**2023** **HK$'000**	2022 *HK$'000*
Attributable to:			
Equity holders of the Company			
– continuing operations		**33,499**	23,661
– discontinued operation		**–**	6,158
		33,499	29,819
Non-controlling interests			
– continuing operations		**4,470**	(1,904)
Profit for the year		**37,969**	27,915
Basic and diluted earnings per share	*7*		
– continuing operations		**HK0.17 cent**	HK0.03 cent
– discontinued operation		**–**	HK0.05 cent
		HK0.17 cent	HK0.08 cent

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023
(Expressed in HK$)

	2023 *HK$'000*	2022 *HK$'000*
Profit for the year	**37,969**	27,915
Other comprehensive income loss		
Items that are reclassified or may be reclassified subsequently to profit or loss:		
– exchange differences on translation of foreign operations	**(17,718)**	(45,484)
– release of exchange reserve upon disposal of a subsidiary	**(171)**	–
– exchange difference on translation of share of other comprehensive income of an associate	**(711)**	(2,559)
	(18,600)	(48,043)
Total comprehensive income (loss) for the year	**19,369**	(20,128)
Attributable to:		
Equity holders of the Company		
– continuing operations	**15,381**	(21,961)
– discontinued operation	**–**	6,158
	15,381	(15,803)
Non-controlling interests		
– continuing operations	**3,988**	(4,325)
Total comprehensive income (loss) for the year	**19,369**	(20,128)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023
(Expressed in HK$)

	Notes	**2023**	2022
		HK$'000	*HK$'000*
Non-current assets			
Goodwill		**–**	–
Property, plant and equipment		**136,179**	155,629
Investment properties		**74,783**	82,437
Right-of-use assets		**25,142**	27,046
Intangible assets		**157**	109
Investments in an associate		**25,055**	27,779
Prepayments, deposits and other receivables	*8*	**26,200**	25,614
Deferred tax assets		**2,650**	2,088
		290,166	320,702
Current assets			
Inventories		**15,330**	15,535
Trade receivables	*9*	**90,362**	65,656
Contract assets		**41,826**	–
Amounts due from an associate		**63,802**	141,901
Prepayments, deposits and other receivables		**41,093**	61,854
Restricted bank deposits		**–**	315
Time deposits with original maturity over three months		**70,784**	–
Cash and cash equivalents		**201,373**	205,857
		524,570	491,118
Current liabilities			
Trade payables	*10*	**30,071**	45,545
Contract liabilities		**26,820**	25,297
Other payables		**65,616**	60,194
Tax payable		**9,460**	5,337
Lease liabilities		**7,933**	7,704
Provisions		**–**	930
		139,900	145,007
Net current assets		**384,670**	346,111
Total assets less current liabilities		**674,836**	666,813

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 December 2023

(Expressed in HK$)

	Notes	**2023**	2022
		HK$'000	*HK$'000*
Non-current liabilities			
Lease liabilities		**41,284**	47,134
Deferred tax liabilities		**11,416**	12,734
Provisions		**–**	662
		52,700	60,530
NET ASSETS		**622,136**	606,283
Capital and reserves			
Share capital	*11*	**64,610**	64,610
Perpetual convertible securities		**296,274**	296,274
Reserves		**233,931**	228,272
Equity attributable to equity holders of the Company		**594,815**	589,156
Non-controlling interests		**27,321**	17,127
TOTAL EQUITY		**622,136**	606,283

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in HK$ unless otherwise indicated)

1 GENERAL

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

The address of the registered office and principal place of business of the Company is located at P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Islands and 1201B, 12/F, Tower 1, Admiralty Centre, 18 Harcourt Road, Admiralty, Hong Kong respectively.

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

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

2 SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

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

The consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2022 consolidated financial statements except for the adoption of the following new/revised HKFRSs that are relevant to the Group and effective from the current year.

Adoption of new/revised HKFRSs

Amendments to HKAS 1: Disclosure of Accounting Policies

The amendments require companies to disclose their material accounting policy information rather than their significant accounting policies.

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

Amendments to HKAS 8: Definition of Accounting Estimates

The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates.

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

Amendments to HKAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments narrow the scope of the recognition exemption in paragraphs 15 and 24 of HKAS 12 so that it no longer applies to transactions that, on recognition, give rise to equal taxable and deductible temporary differences.

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

Amendments to HKAS 12: International Tax Reform–Pillar Two Model Rules

The amendments provide entities with temporary relief from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development's Pillar Two model rules. The Amendments also introduce targeted disclosure requirements to help investors understand an entity's exposure to income taxes arising from the rules.

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

Future changes in HKFRSs

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

Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current* [1]
Amendments to HKAS 1	*Non-current Liabilities with Covenants* [1]
Amendments to HKAS 7 and HKFRS 7	*Supplier Finance Arrangements* [1]
Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback* [1]
Amendments to HKAS 21	*Lack of Exchangeability* [2]
Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* [3]

[1] Effective for annual periods beginning on or after 1 January 2024
[2] Effective for annual periods beginning on or after 1 January 2025
[3] The effective date to be determined

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

3 REVENUE AND SEGMENT REPORTING

(a) Revenue

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

	2023	2022
	HK$'000	*HK$'000*
Continuing operations		
Revenue from contracts with customers within HKFRS 15 – At fixed price:		
– Property management services	**158,461**	136,057
– Environmental hygiene services	**147,357**	40,800
– Marketing, event planning and consulting services	**992**	20,413
– Tourism attractions related income	**8,276**	8,285
	315,086	205,555
Revenue from other sources:		
– Rental income	**27,285**	21,412
	342,371	226,967

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

(b) Segment reporting

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

The Group's operating divisions are as follows:

Continuing reportable segments:

– The property management segment, which involves the provision of property management and leasing services for residential and commercial properties in the PRC.

– The environmental hygiene segment, which involves the provision of environmental hygiene services for urban and rural areas in the PRC.

– The integrated development segment, which involves the development and operation of tourism and cultural attractions and the provision of marketing, event planning and consulting services in the PRC.

– The diversified tourism products and services segment, which comprises the provision of travel related and other services principally to corporate clients in the PRC.

Discontinued reportable segment:

– The diversified tourism products and services segment, which mainly comprised sales of air tickets, in Hong Kong operated by Four Seas Tours Limited ("**Four Seas**"), a then 65%-owned subsidiary of the Group, which was disposed of by the Group on 30 August 2022.

(i) Segment results, assets and liabilities

Segment performance is evaluated based on reportable segment profit (loss), which is a measure of adjusted profit (loss) before tax. 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 2022 is set out below.

	Continuing operations										Discontinued operation		
											Diversified tourism products and services		
	Property management		Environment hygiene		Integrated development		Diversified tourism products and services		Sub-total		Four Seas	Total	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	2022	**2023**	2022
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	*HK$'000*	***HK$'000***	*HK$'000*
Disaggregated by timing of revenue recognition:													
– Point in time	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	33,410	**–**	33,410
– Over time	**158,461**	136,057	**147,357**	40,800	**9,268**	28,698	**–**	–	**315,086**	205,555	–	**315,086**	205,555
	158,461	136,057	**147,357**	40,800	**9,268**	28,698	**–**	–	**315,086**	205,555	33,410	**315,086**	238,965
Rental income	**27,285**	21,412	**–**	–	**–**	–	**–**	–	**27,285**	21,412	–	**27,285**	21,412
Reportable segment revenue	**185,746**	157,469	**147,357**	40,800	**9,268**	28,698	**–**	–	**342,371**	226,967	33,410	**342,371**	260,377
Segment results	**41,043**	44,754	**8,412**	(4,019)	**(5,543)**	(8,249)	**14,527**	5,711	**58,439**	38,197	6,197	**58,439**	44,394
Corporate and other unallocated income and expenses, net									**(14,202)**	(10,326)	–	**(14,202)**	(10,326)
Finance costs									**(2,514)**	(2,891)	(39)	**(2,514)**	(2,930)
Profit before taxation									**41,723**	24,980	6,158	**41,723**	31,138
Segment assets	**158,415**	153,302	**149,598**	92,772	**228,532**	356,896	**4,005**	825				**540,550**	603,795
Corporate and other unallocated assets												**274,186**	208,025
Total assets												**814,736**	811,820
Segment liabilities	**114,406**	118,891	**47,033**	18,680	**27,210**	47,537	**936**	16,671				**189,585**	201,779
Corporate and other unallocated liabilities												**3,015**	3,758
Total liabilities												**192,600**	205,537

	Continuing operations												Discontinued operation		
													Diversified tourism products and services		
	Property management		Environment hygiene		Integrated development		Diversified tourism products and services		Corporate and other unallocated items		Sub-total		Four Seas	Total	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	2022	**2023**	2022
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	*HK$'000*	***HK$'000***	*HK$'000*
Other segment information:															
Amortisation and depreciation	**607**	1,302	**23,742**	2,309	**3,581**	5,027	**79**	117	**570**	1,130	**28,579**	9,885	497	**28,579**	10,382
Capital expenditure	**2,586**	664	**6,141**	65,240	**45**	763	**–**	–	**–**	1,000	**8,772**	67,667	13	**8,772**	67,680
Fair value changes on investment properties	**(5,564)**	(6,840)	**–**	–	**–**	–	**–**	–	**–**	–	**(5,564)**	(6,840)	–	**(5,564)**	(6,840)
Loss on disposal of investment properties and lease liabilities, net	**39**	61	**–**	–	**–**	–	**–**	–	**–**	–	**39**	61	–	**39**	61
Gain on disposal of a subsidiary	**–**	–	**–**	–	**–**	–	**11,882**	–	**–**	–	**11,882**	–	–	**11,882**	–
Share of results of an associate	**–**	–	**–**	–	**(2,013)**	(2,578)	**–**	–	**–**	–	**(2,013)**	(2,578)	–	**(2,013)**	(2,578)
Provision for (Reversal of) bad debt of other receivables, recognised in selling, general and administrative expenses	**262**	–	**–**	–	**131**	530	**(3,289)**	(5,739)	**(308)**	–	**(3,204)**	(5,209)	–	**(3,204)**	(5,209)
Provision (Reversal) of loss allowance on trade receivables, recognised in selling, general and administrative expenses	**1,113**	393	**206**	532	**(314)**	2,908	**(352)**	(306)	**–**	–	**653**	3,527	(4)	**653**	3,523
Provision of loss allowance on contract assets, recognised in selling, general and administrative expenses	**–**	–	**1,074**	–	–	–	–	–	–	–	**1,074**	–	–	**1,074**	–
Direct operating expenses arising from investment properties that generated rental income	**1,833**	2,470	**–**	–	**–**	–	**–**	–	**–**	–	**1,833**	2,470	–	**1,833**	2,470
Write-off of property, plant and equipment	**–**	33	**–**	–	**–**	25	**–**	–	**–**	–	**–**	58	–	**–**	58

(ii) Geographical information

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

	Revenue from external customers				Non-current assets	
	(Continuing operations)		(Discontinued operation)			
	2023	2022	**2023**	2022	**2023**	2022
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong (place of domicile)	**–**	–	**–**	33,410	**1,460**	2,630
Mainland China	**342,371**	226,967	**–**	–	**261,001**	288,205
	342,371	226,967	**–**	33,410	**262,461**	290,835

(iii) Information about major customers

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

	2023	2022
	HK$'000	*HK$'000*
Customer A *(Note)*	**48,960**	69,058
Customer B	**75,997**	n/a*

Note: It represented the revenue generated from related companies controlled by Mr. Shi and Orient Victory Property Development Group Co., Ltd., which is wholly owned by Mr. Shi, under the property management and the integrated development segment.

* The customer contributed less than 10% of the total revenue of the Group for the relevant reporting periods.

4. FINANCE COSTS

	2023	2022
	HK$'000	*HK$'000*
Continuing operations		
Interest on lease liabilities	**2,463**	2,712
Interest on other borrowings	**51**	179
	2,514	2,891

5. PROFIT BEFORE TAXATION

Profit before taxation is stated after charging (crediting):

	2023	2022
	HK$'000	*HK$'000*
Continuing operations		
Staff costs, including Directors' emoluments		
Wages, salaries and other benefits	**86,447**	51,584
Contribution to defined contribution scheme	**12,211**	4,919
Equity-settled share-based payment expenses	**315**	219
	98,973	56,722
Other items		
Auditors' remuneration:		
– audit services	**1,341**	1,706
– non-audit services	**190**	145
Amortisation of intangible assets included in selling, general and administrative expenses	**32**	39
Depreciation included in costs of services and selling, general and administrative expenses (as appropriate):		
– property, plant and equipment	**26,437**	7,052
– right-of-use assets	**2,110**	2,794
Cost of inventories sold	**88**	131
Loss allowance		
– trade receivables	**653**	3,527
– contract assets	**1,074**	–
Loss on disposal of investment properties and lease liabilities, net	**39**	61
Write-off of property, plant and equipment	**–**	58
Direct operating expenses arising from investment properties that generated rental income	**1,833**	2,470
Reversal of provision for bad debt of other receivables	**(3,204)**	(5,209)
Exchange gain, net	**(262)**	(956)

6 INCOME TAX

	2023	2022
	HK$'000	*HK$'000*
Continuing operations		
Current tax – PRC Enterprise Income Tax		
Current year	**5,376**	4,897
Deferred tax		
Reversal of tax losses and temporary differences	**(1,622)**	(1,674)
	3,754	3,223

Notes:

(i) For the Year and the year ended 31 December 2022, Hong Kong Profits Tax has not been provided as the Group incurred losses for taxation purpose in Hong Kong for both years.

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

(iii) For the Year, PRC Enterprise Income Tax ("**EIT**") for small and micro enterprise has been provided at the rate of 5% on the estimated profit (2022: n/a), other than EIT for small and micro enterprise, EIT in respect of operations in the mainland of the PRC is calculated at a rate of 25% (2022: 25%) on the estimated assessable profits for the Year based on existing legislation, interpretations and practices in respect thereof.

7 EARNINGS PER SHARE

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

	2023	2022
	HK$'000	*HK$'000*
Continuing operations		
Profit attributable to the equity holders of the Company	**33,499**	23,661
Distributions paid to the holders of perpetual convertible securities	**(10,037)**	(15,874)
Accrued distributions to the holders of perpetual convertible securities	**(2,100)**	(4,200)
	21,362	3,587
Discontinued operation		
Profit attributable to the equity holders of the Company	**–**	6,158

	2023	2022
	Number of shares	*Number of shares*
	'000	*'000*
Weighted average number of ordinary shares for the purposes of calculating basic earnings per share	**12,922,075**	12,922,075

The computation of diluted earnings per share for the year ended 31 December 2023 and 2022 did not assume the conversion of the perpetual convertible securities and the issue of certain shares under the share award scheme since their assumed conversion and issue during the years would have an anti-dilutive effect on the basic earnings per share amount presented.

8 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

Included in the prepayment, deposits and other receivables of approximately HK$25,103,000 (2022: approximately HK$25,614,000) are the deposits paid for acquisition of investment properties. Pursuant to the sale and purchase agreements dated 20 January 2022 entered into between Hebei Qifuqianyue Real Estate Development Co., Ltd. ("**Qifuqianyue**", which is owned as to 51% by Orient Victory Property Development Group Co., Ltd. (which is wholly owned by Mr. Shi)) and Hebei Gangyu Smart Property Management Services Company Limited* (formerly known as Hebei Dongsheng Property Management Services Company Limited*) ("**Gangyu PMS**"), Gangyu PMS acquired 47 commercial units located in Shijiazhuang City (the "**Properties**"), Hebei Province for a total cash consideration of RMB22,876,000 (equivalent to approximately HK$26,467,000). The consideration has been fully settled in January 2022. Pursuant to the supplemental announcement of 29 February 2024, it has been notified by Qifuqianyue that the re-schedule delivery date of the Properties will be on or before 31 December 2024.

9 TRADE RECEIVABLES

	2023	2022
	HK$'000	*HK$'000*
Trade receivables		
– From third parties	**55,450**	23,698
– From related parties in which Mr. Shi, a controlling shareholder of the Company, has beneficial interest	**45,087**	53,942
	100,537	77,640
Loss allowance	**(10,175)**	(11,984)
	90,362	65,656

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

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

	2023	2022
	HK$'000	*HK$'000*
Within 90 days	**38,492**	30,195
91 to 180 days	**23,077**	19,317
181 to 365 days	**23,237**	11,481
Over 365 days	**5,556**	4,663
	90,362	65,656

Loss allowance on trade receivables of HK$653,000 (2022: HK$3,527,000) was recognised in profit or loss during the Year.

10 TRADE PAYABLES

	2023	2022
	HK$'000	*HK$'000*
Trade receivables		
– To third parties	**29,892**	45,366
– To related parties	**179**	179
	30,071	45,545

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

	2023	2022
	HK$'000	*HK$'000*
Within 90 days	**13,495**	19,072
91 to 180 days	**2,515**	7,927
181 to 365 days	**3,173**	10,235
Over 365 days	**10,888**	8,311
	30,071	45,545

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

11 SHARE CAPITAL

	2023		2022	
	Number of ordinary shares		Number of ordinary shares	
	'000	***HK$'000***	*'000*	*HK$'000*
Authorised:				
At the beginning and the end of the reporting period, ordinary shares of HK$0.005 each	**20,000,000**	**100,000**	20,000,000	100,000
Issued and fully paid:				
At the beginning and the end of the reporting period, ordinary shares of HK$0.005 each	**12,922,075**	**64,610**	12,922,075	64,610

12 DIVIDEND

The Board does not recommend the payment of a final dividend for the Year (2022: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

Industry Overview, Business Strategy and Business Review

The Group commenced its property management and leasing services businesses and environmental hygiene businesses in 2021, signifying the Group's success in diversifying its business focus into urban services-related businesses with domestic demand and public services features. Benefit from the further development of the business and government policies in the PRC, the Group recorded an increase in revenue and profit of approximately HK$115.4 million and approximately HK$10.1 million respectively for the Year.

Property Management Businesses

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

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

Awards	**Awarding Institutions**
2023 Companies in terms of Brand Influential on Property Management Services in China* (二零二三中國物業服務品牌影響力企業)	China Real Estate News* (中國房地產報社) and China Urban and Regional Governance Research Centre* (中國城市與區域治理研究院)
2023 Leading Companies in Property Management Industry in Hebei Province* (二零二三年度河北省物業管理行業先進單位)	Hebei Property Management Institute* (河北省物業管理行業協會)
2023 Famous Provincial Capital Brand on Property Management in Shijiazhuang City* (二零二三年度石家莊市物業管理省會知名品牌)	Shijiazhuang City Property Management Association* (石家莊市物業管理協會)
Provincial tourist and leisure district in 2023* (二零二三年省旅遊休閒街區)	Hebei Provincial Department of Culture and Tourism* (河北省文化與旅遊廳)

During the Year, apart from improving the service quality of its existing projects, Gangyu PMS and its subsidiaries put effort into operating scale expansion and was awarded several property management services tenders mainly in Shijiazhuang City, Hebei Province, the PRC, covering properties such as hospitals, colleges, commercial buildings, and government buildings. As at 31 December 2023, Gangyu PMS Group had a total contracted gross floor area of approximately 11.8 million square meters (2022: approximately 8.8 million square meters), of which a total gross floor area of approximately 11.0 million square meters (2022: approximately 7.9 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 such as hospitals, government, and other public facilities. During the Year, there were 15 new property management projects on public buildings (one of which has already expired), which led to an increase in the Group's property management income during the Year indicating that the Group had successfully expanded its property management portfolio and generated additional revenue. By diversifying its portfolio, the Group reduced its reliance on the projects from OVPD. Eventually, it contributed a more stable and sustainable income stream.

To further expand the Group’s scale of leasing-related services, the Group entered into sale and purchase agreements (pre-sale) with 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)) to acquire 47 commercial units of Zijingyuehe Centre with an estimated aggregate gross floor area of approximately 2,563 square meters located at 17th Floor and 18th Floor, building no.1 Zijingyuehe Centre (South zone), 2 Fengya Road, Changan District, Shijiazhuang City, Hebei Province, the PRC (中國河北省石家莊市長安區豐雅路2號紫晶悦和中心南區) (“**Zijingyuehe Properties**”). The delivery of the Zijingyuehe Properties was expected to be completed on or before December 2023 (“**Scheduled Completion Date**”), and the Group planned to operate the Zijingyuehe Properties under operating lease arrangements. Due to the impact of the COVID-19 pandemic (“**Pandemic**”) and the environmental protection policy in the PRC, the Scheduled Completion Date was affected. As a result, Qifuqianyue was unable to deliver the Zijingyuehe Properties before 31 December 2023. Further details of the acquisition were set out in the Company’s announcements dated 20 January 2022, 21 January 2022, 2 January 2024, and 29 February 2024.

OVPD and its subsidiaries have provided the Group with a business opportunity in relation to property management services for their real estate projects. On 1 December 2021, the Company and OVPD entered into a framework agreement, pursuant to which OVPD agreed to appoint the Group for the provision of the property management services and the commercial properties and merchants management services for a term commencing on 1 December 2021 and ending on 31 December 2023, which allowed the Group to operate its property management businesses. The services constituted continuing connected transactions of the Company under Chapter 14A of the Listing Rules, and the independent Shareholders approved the relevant framework agreement and transactions contemplated thereunder by way of poll at the extraordinary general meeting held on 16 March 2022. During the Year, relevant services provided to OVPD and its subsidiaries contributed revenue of approximately HK$48.0 million (2022: approximately HK$48.6 million) to the Group.

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

With the Group's effort in developing its property management businesses, during the Year, the Group recorded revenue from property management businesses, including property management services and rental income, of approximately HK$185.7 million (2022: approximately HK$157.5 million), representing an increase of approximately 17.9%.

Environmental Hygiene Businesses

The improvement in living standards in the PRC has spurred the development of the environmental hygiene services in the PRC.

In the years 2022 and 2023, the Chinese government launched a series of policies and implementation measures to support the environmental hygiene-related industry, including promoting the investment and construction of urban and rural environmental protection infrastructures, intensifying efforts on reforming government procurement services in key areas such as urban and rural community public services and public health services, speeding up the improvement of garbage collection and treatment system to facilitate the construction of smart garbage sorting facilities. It also stringently implemented the Environmental Hygiene Action Plan, including strengthening supervision and inspection and feedback on the implementation of rectification of problems. With a focus on meeting customers' needs and incorporating advanced practices, the industry was experiencing growth and contributing to enhancing public hygiene and cleanliness.

As a result, there has been an increase in demand for cleaning and maintenance projects in communities, residential areas, and public spaces in the PRC. The Group continued to upgrade its environmental hygiene service portfolio to meet customers' needs by incorporating advanced cleaning technologies and adopting more efficient and sustainable practices. The Group also continued providing comprehensive solutions that encompassing cleaning, maintenance and waste management.

In the second half of 2022, several environmental hygiene service projects were initiated in four cities in Hebei Province, the PRC. These projects operated in full throughout the Year. Furthermore, the Group acquired an additional environmental hygiene services project, which commenced operations in September 2023. The provision of services for the existing projects and the additional project in 2023 resulted in a significant increase in the Group's revenue from environmental hygiene services.

During the Year, the Group recognised revenue from environmental hygiene businesses of approximately HK$147.4 million (2022: approximately HK$40.8 million), representing an increase of approximately 261.3%.

It was worth noting that the Chinese government has recently introduced national standards for urban and rural sanitation and cleaning services to regulate the industry further and improve service quality. With increasing industry standards, the Group's profit margins were expected to reduce further in the coming future. Furthermore, the Group encountered additional challenges as the collection cycle for customer service fees had been delayed due to the ongoing economic situation in the PRC, which had yet to fully recover during the Year. The prolonged collection cycle of accounts receivables from certain customers had more or less affected the Group's cash flow position and may hinder the Group's ability to invest in business expansion or improve operational efficiency. Notwithstanding the prolonged collection cycle, the Group had sufficient cash on hand to meet its business needs.

To cope with these difficulties, the Group will continue to expand its scope of services, maintain existing customer relationships, and expand its existing customer base to ensure steady revenue growth. The Group will further enhance operational efficiency and optimise work processes to reduce administrative and operation costs in the coming years. The Group will implement the following measures, including but not limited to:

1. Conducting regular and timely maintenance of mechanical equipment to ensure optimal performance and reduce repair costs;

2. Reducing the reliance on manual labour;

3. Implementing regular safety training programs for employees, emphasising the importance of safety protocols and minimising the occurrence of accidents; and

4. Making additional efforts to reduce the loss of operational tools and production materials, effectively controlling material consumption costs.

Integrated Development Businesses

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

Tourism attractions-related income

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 City, Hebei Province, the PRC.

For the Year, Tu Men Travel contributed revenue of approximately HK$8.3 million (2022: approximately HK$8.3 million) to the Group. The number of visitors and revenue have yet to experience a significant rebound after the Pandemic came to an end. The primary reason was that the relaxation of the restrictions on international travel led to an increasing amount of outbound travel in early 2023, thus affecting local tourism.

Tu Men Travel's gross profit for the Year amounted to approximately HK$7.3 million (2022: approximately HK$2.9 million). The improvement in gross profit margin is primarily attributed to effective cost control and efficient resource utilisation.

On 29 August 2023, the Shijiazhuang City Culture, Radio, Television, and Tourism Bureau (石家莊市文化廣電旅遊局) released the Shijiazhuang Culture and Tourism "14th Five-Year Plan" development plan. The plan aims to leverage on the local rural resources, ecological advantages, and cultural heritage, including Tumenguan Yidao Town, to accelerate the development of new rural tourism models.

Considering the Shijiazhuang Culture and Tourism "14th Five-Year Plan" development plan, the Group continued to implement the plan's objectives for Tumenguan Yidao Town, such as establishing themed tourism characteristic towns in order to attract tourists. Eventually, this may reduce shop vacancy rates. The Group also explored leasing temporary stalls and diversifying income sources to increase revenue for the tourism products and services business in Tumenguan Yidao Town.

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

The Group also engaged in the development of tourism-related facilities in the PRC. During the Year, a piece of land located at Lot No. 2018-48, Dongtumen Village, Bailuquanxiang, Luquan District, Shijiazhuang City, Hebei Province, the PRC, with an aggregate site area of 14,637 square meters, was under the planning stage and was recognised as inventories in the Group's consolidated financial statements as at 31 December 2023 in the carrying amount of approximately HK$15.1 million (2022: approximately HK$15.3 million).

Pursuant to an agreement dated 28 October 2021 entered into between the Group and local government authority, a piece of land in Shijiazhuang City, Hebei Province, the PRC, with an aggregate site area of approximately 21,647 square meters, which was recognised as inventories in the consolidated financial statements as at 31 December 2020 in the carrying amount of approximately HK$102.3 million, was returned to the local government in 2021 for the consideration of approximately RMB85.0 million (equivalent to approximately HK$102.2 million). As at 31 December 2023, the receivable balance from the government authority amounted to approximately RMB10.0 million (2022: RMB28.0 million), equivalent to approximately HK$11.0 million (2022: approximately HK$31.6 million), which is expected to be received on or before June 2024.

Marketing, event planning and consulting services

On the other hand, the Group continued to operate the marketing, event planning, and consulting services, which contributed revenue of approximately HK$1.0 million (2022: approximately HK$20.4 million) to the Group during the Year. Due to a change in the sales and marketing strategy of OVPD in 2023, OVPD's demand for marketing, event planning, and consulting services from the Group was significantly reduced. As a result, the 2024 Framework Agreement no longer included event planning services. The Board expected that the revenue generated from this segment will be insignificant in the future.

Diversified Tourism Products and Services Businesses

The Group's diversified tourism products and services segment principally provided outbound travel-related services for customers in the PRC and Hong Kong before the disposal of Four Seas Tours Limited (四海旅行社有限公司) ("**Four Seas**"), which was completed on 30 August 2022. For details, please refer to the announcement of the Company dated 22 August 2022. Since then, the Group has not engaged in travel-related business in Hong Kong.

In view of the ongoing losses incurred by Beijing Jinlv Shidai Tourism Co. Limited*, (北京金旅時代旅行社有限公司) ("**Jinlv Shidai**"), a then non-wholly owned subsidiary of the Group which engaged in the outbound travel businesses in the PRC, pursuant to an agreement dated 27 April 2023 entered into between the Group (as vendor) and the other equity holder of Jinlv Shidai (who is not a connected person of the Company for Rule 14A.09(1) of the Listing Rules) (as purchaser), the Group disposed of its 51% equity interest in Jinlv Shidai for the consideration of RMB4.0 million (equivalent to approximately HK$4.5 million). Upon completion of the disposal on 5 May 2023, Jinlv Shidai ceased to be a subsidiary of the Company, and the Group recognised a gain on disposal of approximately HK$11.9 million for the Year.

As the Group focused on other businesses that were relatively less affected by the Pandemic, such as property management businesses, no revenue in this segment was recorded by the Group for the Year (2022: Nil). In view of the recent resumption of outbound travel, the Group will reassess the surrounding business environment and make appropriate arrangements for this business segment with a view to achieving the best interest of the Company and its shareholders as a whole.

Future Outlook

Looking forward, the Group is committed to upholding its social responsibility by providing customers with high-quality services that contribute to a better quality of life. Simultaneously, the Group aims to enhance its brand value through these efforts.

The PRC government's long-term supportive policies on property management and environmental hygiene industries pave a healthy way for the Group's property management businesses and environmental hygiene businesses. The Group will continue to develop and expand its property management and environmental hygiene businesses gradually through organic growth, tender submission on new projects, strategic acquisitions, and cooperation. To mitigate risks and maintain financial stability, the Group will prioritise selecting high-quality projects and customers with a proven track record of timely payments. It is expected that this strategy will lead to a stable revenue stream and cash flow, ensuring the Group's sustainable growth in the long term.

Furthermore, the Group intends to diversify the source of income. By acquiring commercial properties for leasing, the Group expects that the rental income will serve as a stable and reliable revenue stream for the Group.

The Group's medium to long-term investment strategy is basically a light asset investment model, which entails investing in projects or companies that require minimal capital expenditure. This approach helps to reduce liquidity risks and allows for greater investment management flexibility.

As part of its strategy, the Group actively seeks acquisition opportunities in overseas markets to broaden its presence and diversify its investment portfolio. It aims to identify potential targets in property management, the tourism industry, and the environmental services sectors. These potential acquisitions involve collaborating with reliable business partners who possess expertise and resources in these areas. Alternatively, the Group will consider acquiring controlling stakes in target companies to optimise its investment portfolio and maximise returns of the Group.

In summary, the Group prioritises long-term growth in its investments strategies and mitigates unnecessary risks, through a light asset investment model. It also focuses on expansion globally by acquiring overseas target companies and seeking rental income from property leasing. These strategies will strengthen the Group's financial position, diversify its investment portfolio, and deliver favorable returns to its stakeholders.

Financial Review

Property Management Businesses

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

Benefit from the business development and performance of property management segment, the Group recorded revenue from property management and leasing services of approximately HK$185.7 million (2022: approximately HK$157.5 million) during the Year, representing an increase of approximately 17.9% compared to the corresponding period of last year.

Environmental Hygiene Businesses

In the second half of 2022, several environmental hygiene service projects were initiated in four cities in Hebei Province, the PRC. These projects operated throughout the Year. Furthermore, the Group acquired an additional environmental hygiene services project, which commenced operations in September 2023. The provision of services for the existing projects and the addition of the new project in 2023 resulted in a significant increase in the Group's revenue from environmental hygiene services. The Group recognised revenue of approximately HK$147.4 million (2022: approximately HK$40.8 million) during the Year, representing an increase of approximately 261.3% compared to the corresponding period of last year.

Integrated Development Businesses

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

Benefit from the effective cost control and efficient resource utilization, even the Group recorded revenue from tourism attractions related income of approximately HK$8.3 million (2022: approximately HK$8.3 million) during the Year, which was the same as the corresponding period of last year, the gross profit for the Year of approximately HK$7.3 million (2022: approximately HK$2.9 million), representing an increase of approximately 151.7% compared to the corresponding period of last year.

Due to the changing of sales and marketing strategy of OVPD, the Group recorded revenue from marketing event planning and consulting services of approximately HK$1.0 million (2022: approximately HK$20.4 million) during the Year, representing a decrease of approximately 95.1% compared to the corresponding period of last year.

Diversified Tourism Products and Services Businesses

The Group's diversified tourism products and services segment principally provides outbound travel-related services for customers in the PRC. The Pandemic has severely affected this segment and as such, a series of disposals took place to scale down these businesses.

As the Group focused on other businesses that were relatively less affected by the Pandemic, such as property management business, no revenue in this segment was recorded by the Group for the Year (2022: Nil). Further details of which are set out in the section headed "Diversified Tourism Products and Services Businesses" under "Industry Overview, Business Strategy and Business Review" in "Management Discussion and Analysis".

Financial Analysis

Operating Performance

Analysis by nature of revenue:

	2023		2022	
	HK$'000	***%***	*HK $'000*	*%*
Property management businesses:				
Property management and leasing-related services	**185,746**	**54.3**	157,469	69.4
Environmental hygiene businesses:				
Environmental hygiene services	**147,357**	**43.0**	40,800	18.0
Integrated development businesses:				
Marketing, event planning and consulting services	**992**	**0.3**	20,413	9.0
Tourism attractions-related income	**8,276**	**2.4**	8,285	3.6
Sub-total	**9,268**	**2.7**	28,698	12.6
Total	**342,371**	**100.0**	226,967	100.0

The Group recorded revenue of approximately HK$342.4 million (2022: approximately HK$227.0 million) for the Year, representing an increase of approximately 50.8% compared to last year.

The Group recorded revenue from the property management businesses increased by approximately HK$28.3 million compared to last year. This growth was primarily due to a significant increase of approximately 3.0 million square meters in the total contracted gross floor area, representing approximately 34.1% growth compared to last year.

The Group recorded revenue from the environmental hygiene businesses increased by approximately HK$106.6 million compared to last year. This growth was primarily due to the full operations of projects secured in 2022 by the Group throughout the Year and the Group obtained an additional project in 2023.

The Group continued to operate its marketing, event planning, and consulting services, which contributed revenue of approximately HK$1.0 million during the Year (2022: approximately HK$20.4 million). This decline was primarily due to changes in OVPD's sales and marketing strategy in 2023, resulting in a significant reduction in OVPD's demand for marketing, event planning, and consulting services from the Group.

In 2023, the Group recorded revenue from tourism attraction-related activities from Tu Men Travel amounted to approximately HK$8.3 million, similar to the figure in 2022. Despite the end of the Pandemic, the number of visitors and revenue experienced little growth. This was primarily due to the relaxation of international travel restrictions, which increased demand for outbound travel in early 2023. As a result, the tourism attraction-related activities sector did not witness a notable increase in visitor numbers or revenue during the Year.

Gross profit and gross profit margin

The Group recorded a gross profit of approximately HK$85.2 million for the Year (2022: approximately HK$68.5 million). The increase in gross profit by 24.4% compared to the corresponding period of last year was primarily attributable to the increase in revenue from property management and environmental hygiene businesses during the Year. However, the gross profit margin decreased by approximately 5.3 percentage points from approximately 30.2% for the year ended 31 December 2022 to approximately 24.9% for the Year.

The property management businesses recorded a decrease in gross profit by approximately HK$3.2 million from approximately HK$61.2 million for the year ended 31 December 2022 to approximately HK$58.0 million for the Year. The Group also recorded a significant decrease in gross profit margin by approximately 7.7 percentage points from approximately 38.9% for the year ended 31 December 2022 to approximately 31.2% for the Year. The decrease in gross profit and the gross profit margin in the property management businesses were attributable to the competitive bidding price on new projects and the increase in direct costs for the property management businesses.

The environmental hygiene business recorded a significant increase in gross profit by approximately HK$17.3 million from approximately HK$2.5 million for the year ended 31 December 2022 to approximately HK$19.8 million for the Year. The Group also recorded a significant increase in the gross profit margin by approximately 7.5 percentage points from approximately 6.0% for the year ended 31 December 2022 to approximately 13.5% for the Year. The significant improvement in the profit margin in the environmental hygiene business was due to the environmental hygiene business being fully operated in the Year.

The integrated development businesses recorded an increase in gross profit by approximately HK$2.6 million from approximately HK$4.8 million for the year ended 31 December 2022 to approximately HK$7.4 million for the Year. The Group also recorded a significant increase in the gross profit margin by approximately 62.3 percentage points from approximately 16.9% for the year ended 31 December 2022 to approximately 79.2% for the Year. The change in the gross profit margin in the integrated development businesses was due to the scale-down of marketing, event planning, and consulting services operations in 2023 and the gross profit margin in this business was less than 10% for the two financial years ended 31 December 2022 and 2023. Furthermore, the efficient utilization of resources in Tu Men Travel improved the gross profit margin within the integrated development businesses during the Year.

Profit for the Year from continuing operations

Profit for the Year from continuing operations amounted to approximately HK$38.0 million (2022: approximately HK$21.8 million). The increase in profit of approximately HK$16.2 million was mainly attributable to the increase in segment results of the environmental hygiene business for the Year and a gain from the disposal of a subsidiary of approximately HK$11.9 million (2022: Nil).

Profit for the Year from discontinued operation

No profit was recorded from discontinued operation for the Year. The Group's diversified tourism products and services businesses in Hong Kong operated by Four Seas (a then 65%-owned subsidiary of the Group) was disposed of by the Group on 30 August 2022.

Accordingly, results of Four Seas with net loss of approximately HK$0.01 million and gain on disposal of Four Seas of approximately HK$6.2 million in 2022 were classified and presented as a discontinued operation in the Group's consolidated financial statements.

Assets Structure

As at 31 December 2023 and 2022, the Group's assets mainly included property, plant and equipment and right-of-use assets, investment properties, investments in an associate, inventories, trade receivables, contract assets, prepayments, deposits and other receivables, amounts due from an associate, restricted bank deposits, time deposits with original maturity over three months and cash and cash equivalents, details of which are set out below:

i. Property, plant and equipment and right-of-use assets of approximately HK$161.3 million (2022: approximately HK$182.7 million) as at 31 December 2023 in aggregate mainly represented (1) properties and other equipment of the tourist attraction and cultural spot owned by Tu Men Travel in the net carrying amount of approximately HK$110.0 million (2022: approximately HK$116.6 million); and (2) vehicles and other equipment of the Group's environmental hygiene businesses in the net carrying amount of approximately HK$45.9 million (2022: approximately HK$63.9 million), which were acquired to cope with the Group's environmental hygiene operating projects. During the year, the Group invested approximately HK$6.1 million in acquiring vehicles and other equipment to operate the Group's environmental hygiene businesses. This investment was made to accommodate the business's expansion and ensure that the necessary resources are available to support its operations effectively. The acquisition of these vehicles and equipment demonstrates the Group's commitment to enhancing its capabilities and meeting the growing demands of its environmental hygiene services.

ii. Investment properties of approximately HK$74.8 million (2022: approximately HK$82.4 million) as at 31 December 2023 represented fair values of the right-of-use assets of non-residential properties located in Shijiazhuang City and Xingtai City, Hebei Province, the PRC leased by the Group from property owners to earn rentals.

iii. Investments in an associate of approximately HK$25.1 million (2022: approximately HK$27.8 million) as at 31 December 2023 represented the Group's 40% equity interest in Zhangjiakou Dakun Zhifang Real Estate Development Co., Limited* (張家口大坤直方房地產開發有限公司) ("**Dakun Zhifang**"). Dakun Zhifang owns a piece of land located at Wanlong Road, Huangtuzui Village, Xiwanzi Town, Chongli District, Zhangjiakou City, Hebei Province, the PRC with an aggregate area of 79,039 square meters, which was under preliminary development stage (the "**Development Project**") with "Certificate of Permitting Construction and Engineering Planning*" ("**建設工程規劃許可證**") obtained in September 2021, and was recognised as investment properties and inventories in the books of Dakun Zhifang as at 31 December 2023 in the carrying amounts of approximately HK$121.4 million and approximately HK$93.5 million respectively (2022: approximately HK$131.0 million and approximately HK$95.7 million respectively).

    Due to the Pandemic and its impact on the economy, the PRC experienced challenging economic conditions in the past few years. The Group had temporarily suspended the Development Project due to the economic uncertainty. The Group foresees ongoing challenges for the Chinese economy in the coming years, including stagnant private investment, declining consumer confidence, and a high youth unemployment rate. As a result, the Group needs additional time to consider whether to resume the Development Project. This decision hinges on the potential returns from the project and the need for additional capital investment. Concurrently, the Group is actively exploring alternative exit strategies to mitigate and avoid potential challenges.

    Pursuant to two agreements dated 6 September 2021 (as supplemented on 15 July 2022) 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 land held by Dakun Zhifang, together with other assets owned by Mr. Shi, the controlling Shareholder, were pledged to Hebei Huarong to secure the repayments of certain borrowings obtained by entities controlled by Mr. Shi from Hebei Huarong (the "**Pledge**") in an aggregate principal amount of RMB464.1 million (equivalent to approximately HK$522.7 million) as at 31 December 2022. The Pledge was wholly released on 25 August 2023.

    As at 31 December 2023, amount due from Dakun Zhifang to the Company (the "**Advances**", which were made when Dakun Zhifang was a subsidiary of the Company) was approximately HK$63.8 million (2022: approximately HK$141.9 million), which were non-interest bearing demand loan.

iv. Inventories of approximately HK$15.3 million (2022: approximately HK$15.5 million) as at 31 December 2023 mainly represented the carrying amount of a piece of land in Shijiazhuang City, Hebei Province, the PRC with an aggregate area of 14,637 square meters under planning stage of approximately HK$15.1 million (2022: approximately HK$15.3 million).

v. Trade receivables of approximately HK$90.4 million (2022: approximately HK$65.7 million) as at 31 December 2023 were derived from the property management segment of approximately HK$42.8 million (2022: approximately HK$30.3 million), the environmental hygiene segment of approximately HK$44.5 million (2022: approximately HK$14.7 million), and the marketing, event planning and consulting services under the integrated development segment of approximately HK$3.1 million (2022: approximately HK$20.7 million). The rise in trade receivables was primarily attributable to the expansion of the business in environmental hygiene and property management sectors. Furthermore, certain customers have delayed their payments due to financial constraints in their cash flow. Eventually, the balance of trade receivables of the Group experienced a significant increase.

vi. Contract assets of approximately HK$41.8 million (2022: Nil) are trade receivables that still need to be invoiced, specifically from customers which were government authorities in the environmental hygiene business as they maintain stringent procedures to validate the work performed by the Group. Once the government authorities is satisfied with the quality and completion of the service performed, the Group will issue invoices to the customers.

vii. Prepayments, deposits and other receivables and amount due from an associate of approximately HK$131.1 million (2022: approximately HK$229.4 million) as at 31 December 2023 mainly represented (1) receivables of approximately HK$11.0 million (2022: approximately HK$31.6 million) for the return of the piece of land in Shijiazhuang City, Hebei Province, the PRC ("**Receivables from the Expropriation of Shijiazhuang Land**") with an aggregate area of approximately 21,647 square meters as detailed in the section headed "Integrated Development Businesses" under "Industrial Overview, Business Strategy and Business Review" in "Management Discussion and Analysis"; (2) consideration paid for the acquisition of 47 commercial units from Qifuqianyue in the total amount of approximately HK$25.1 million classified as a non-current asset as at 31 December 2023 (2022: approximately 25.6 million); and (3) the Advances of approximately HK$63.8 million (2022: approximately HK$141.9 million). The decrease was mainly attributable to the receipt for the return of the land in Shijiazhuang of RMB18.0 million (equivalent to approximately HK$20.6 million) during the Year and the repayment of the Advances of approximately HK$78.1 million during the Year.

viii. Restricted bank deposits, time deposits with original maturity over three months and cash and cash equivalents were approximately HK$272.2 million (2022: approximately HK$206.2 million) as at 31 December 2023. The increase was mainly attributable to the combined effect of (1) the receipt of approximately HK$20.6 million in respect of the Receivables from the Expropriation of Shijiazhuang Land; (2) the receipt of repayment of the Advances of approximately HK$78.1 million; and (3) the increase of receipts from customers due to business expansion. However, the increase was narrowed by (1) the payment to additions to vehicles and other equipment of the Group's environmental hygiene businesses of approximately HK$6.1 million; (2) settlement of trade payables in the Year; and (3) distributions paid to the holders of perpetual convertible securities of approximately HK$10.0 million during the Year.

Liabilities Structure

As at 31 December 2023 and 2022, the Group's liabilities mainly included trade payables and contract liabilities, other payables, and lease liabilities, details of which are set out below:

i. Trade payables and contract liabilities of approximately HK$56.9 million (2022: approximately HK$70.8 million) as at 31 December 2023 were mainly derived from the property management segment of approximately HK$34.5 million (2022: approximately HK$28.2 million), the environmental hygiene segment of approximately HK$13.7 million (2022: approximately HK$8.9 million); and the marketing, event planning and consulting services under the integrated development segment of approximately HK$6.5 million (2022: approximately HK$24.4 million). The decrease in these trade payables and contract liabilities was primarily due to the downsizing of the marketing, event planning, and consulting services throughout the Year.

ii. Other payables of approximately HK$65.6 million (2022: approximately HK$60.2 million) as at 31 December 2023 mainly consisted of other payables from the property management business amounted to approximately HK$17.0 million (2022: approximately HK$21.6 million), which mainly comprised receipts in advance from customers of the leasing services and deposits of the property management and leasing services, from the environmental hygiene businesses amounted to approximately HK$29.4 million (2022: approximately HK$7.4 million), which mainly comprised of accrued salary and retirement contributions, consideration payable regarding the acquisition of Tu Men Travel of approximately HK$6.7 million (2022: approximately HK$6.9 million), and land and construction costs payable of approximately HK$2.3 million (2022: approximately HK$4.8 million).

iii. Lease liabilities of approximately HK$49.2 million (2022: approximately HK$54.8 million) as at 31 December 2023 were mainly comprised of lease liabilities of the right-of-use assets of approximately HK$46.5 million (2022: approximately HK$54.8 million) of non-residential properties located in Shijiazhuang City and Xingtai City, Hebei Province, the PRC leased by the Group from property owners to earn rentals and the obligation under finance lease of the machinery and equipment of approximately HK$2.7 million (2022: nil) under the environmental hygiene segment.

Liquidity and Financial Resources

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

As at 31 December 2023, the Group had a current ratio (calculated by dividing current assets by the current liabilities) of approximately 3.8 (2022: approximately 3.4).

As the Group had no bank and other borrowings as at 31 December 2023 and 2022, the gearing ratio (calculated by dividing net debt (defined as bank and other borrowings net of cash and cash equivalents) by total equity) was not applicable to the Group as at 31 December 2023 and 2022.

Foreign Exchange Exposure

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

Capital Commitment

As at 31 December 2023, the Group had capital commitment relating to the investment in an equity security of approximately HK$16.5 million (2022: approximately HK$16.9 million).

Material Acquisition, Significant Investments and Disposal of Assets

Save for the disposal of Jinlv Shidai as disclosed in the section headed "Diversified Tourism Products and Services Businesses" under "Industry Overview, Business Strategy and Business Review" in "Management Discussion and Analysis", the Group did not have any other significant investments, material acquisition and disposal of subsidiaries and associated companies during the Year.

Pledge of Assets

Due to the fact that the Pledge was wholly released on 31 October 2023, as at 31 December 2023, none of the Group's assets were pledged.

Material Contingent Liabilities

As at 31 December 2023 and 2022, the Group had no material contingent liabilities.

Number and Remuneration of Employees

As at 31 December 2023, the total number of employees of the Group was 2,184 (2022: approximately 2,312). Staff costs (including Directors' emoluments) of approximately HK$99.0 million (2022: approximately HK$56.7 million) were incurred during the Year.

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

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

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

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

Final Dividend

The Board has resolved not to recommend the payment of a final dividend for the Year (2022: Nil).

Event after the Reporting Period

Extend the delivery date of Zijingyuehe Properties

On 2 January 2024, Qifuqianyue informed the Company about the extension of the delivery date of the Zijingyuehe Properties due to the impact of the Pandemic and the environmental protection policy in the PRC. After several rounds of discussions and negotiations, Qifuqianyue and the Company agreed to extend the delivery date of Zijingyuehe Properties to 31 December 2024. Please refer to the announcements dated 2 January 2024 and 29 February 2024 for further details.

The fifteenth distribution payment regarding 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 of the Company held on 28 September 2016.

As detailed in the Company's announcement dated 8 March 2024, the fifteenth distribution at the distribution rate of 6% per annum on the perpetual convertible securities scheduled to be made to the convertible securities holders on 24 April 2024.

Save for the above, there has been no other important events after the reporting period.

CORPORATE GOVERNANCE

The Company had complied with all applicable code provisions as in force during the Year under the "Corporate Governance Code" (the "**CG Code**") contained in Appendix C1 (formerly 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 separate 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.

The Group recognises the importance of succession planning for senior management positions, specifically focusing on the chief executive officer role. Aligned with the Group's commitment to this crucial process, active efforts are underway to identify potential candidates capable of assuming the company's chief executive officer role.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 (formerly 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.

CONSTITUTIONAL DOCUMENT

On 7 June 2023, the Board proposed to amend the Company's memorandum and articles of association (the "**M&A**") in order to, inter alia, (i) bring the Existing M&A in line with the amendments made to Appendix 3 of the Listing Rules and applicable laws of the Cayman Islands; and (ii) make other consequential and housekeeping changes. Details of the amendments are set out in the circular of the Company dated 7 June 2023. The amended and restated M&A were adopted by a special resolution passed at the annual general meeting of the Company held on 30 June 2023. An up-to-date version of the amended and restated M&A is available on the respective websites of the Stock Exchange and the Company.

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

AUDIT COMMITTEE

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. Suei Feng-jih (being the chairman of the Audit Committee) and Mr. He Qi, and a non-executive Director, namely, Ms. Chang Meiqi. The Audit Committee is primarily responsible for reviewing and providing supervision over the financial reporting procedure and internal control of the Group. The annual results of the Group for the Year have been reviewed by the Audit Committee. The Audit Committee considers that appropriate accounting policies have been adopted, and the applicable requirements of the Listing Rules have been complied with, in the preparation of relevant results, and sufficient disclosures have been made.

SCOPE OF WORK OF MAZARS CPA LIMITED

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

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

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

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

APPRECIATION

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

By order of the Board
Orient Victory Smart Urban Services Holding Limited
Lee On Wing
Company Secretary

Hong Kong, 26 March 2024

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. Chang Meiqi, and three independent non-executive Directors, being Mr. Dong Xiaojie, Mr. He Qi and Mr. Suei Feng-jih.

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