



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)

**20
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**INTERIM
REPORT**



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东胜集团
ORIENT VICTORY GROUP

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CORPORATE INFORMATION

Board of Directors

Executive Directors

Mr. Shi Baodong (*Chairman and Chief Executive Officer*)
Mr. Mo Yueming
Mr. Zhao Huining

Non-executive Directors

Ms. Chang Meiqi (appointed on 29 April 2022)
Ms. Song Sining (resigned on 29 April 2022)

Independent Non-executive Directors

Mr. Dong Xiaojie
Mr. He Qi
Mr. Suei Feng-jih

Audit Committee

Mr. Suei Feng-jih (*Chairman*)
Mr. He Qi
Ms. Chang Meiqi (appointed on 29 April 2022)
Ms. Song Sining (resigned on 29 April 2022)

Remuneration Committee

Mr. Dong Xiaojie (*Chairman*)
Mr. Shi Baodong
Mr. Suei Feng-jih

Nomination Committee

Mr. Shi Baodong (*Chairman*)
Mr. He Qi
Mr. Suei Feng-jih

Company Secretary

Mr. Liu Kin Wai

Independent Auditors

KPMG (resigned on 29 July 2022)
Public Interest Entity Auditor
registered in accordance with
the Financial Reporting Council Ordinance
8/F Prince's Building
10 Chater Road
Central
Hong Kong

Mazars CPA Limited (appointed on 29 July 2022)
Certified Public Accountants
42/F Central Plaza
18 Harbour Road
Wanchai
Hong Kong

CORPORATE INFORMATION

Principal Bankers

Industrial and Commercial Bank of China (Asia) Limited
China Merchants Bank Co., Limited

Registered Office

P.O. Box 31119
Grand Pavilion
Hibiscus Way
802 West Bay Road
Grand Cayman, KY1-1205
Cayman Islands

Principal Place of Business in Hong Kong

1201B, 12/F
Tower 1 Admiralty Centre
18 Harcourt Road
Admiralty
Hong Kong

Share Registrar and Transfer Office in Hong Kong

Union Registrars Limited
Suites 3301-04, 33/F, Two Chinachem Exchange Square
338 King's Road
North Point
Hong Kong

Stock Code

265

Website

<http://www.orientvictory.com.hk>

MANAGEMENT DISCUSSION AND ANALYSIS

The board (the “Board”) of directors (the “Director(s)”) of Orient Victory Smart Urban Services Holding Limited (the “Company”) is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2022 (the “Period”), together with comparative figures for the corresponding period in 2021.

Industry Overview, Business Strategy and Business Performance

Since the outbreak of the novel coronavirus disease (2019) (COVID-19) pandemic (the “Pandemic”) in the early 2020, the Group’s diversified tourism products and services businesses, which mainly engages in the sales of outbound air tickets and provision of outbound tourism-related services, have been inevitably affected. To cope with the unprecedented market change resulting from the Pandemic, the Group has been exploring new income stream in the People’s Republic of China (the “PRC”). Following the completion of acquisitions of the entire equity interests in Shijiazhuang Dongsheng Property Management Services Company Limited* (石家莊市東勝物業服務有限公司, “Dongsheng PMS”) and Kinyoun International Limited (“Kinyoun International”) in May 2021 and August 2021 respectively, and the secure of an environmental hygiene service project in Zhangjiakou City, Hebei Province, the PRC in the fourth quarter of 2021, the Group commenced its property management and leasing services businesses and environmental hygiene businesses, signifying the Group’s success on diversifying its business focus into urban services related businesses with domestic demand and public services features. Benefit from the development on these businesses, the Group recorded an increase in revenue for the Period, and profit attributable to the equity holders of the Company from continuing operations of approximately HK\$3.2 million (six months ended 30 June 2021: loss attributable to the equity holders of the Company from continuing operations of approximately HK\$8.2 million (restated)) was recognised during the Period.

To better reflect the current status of the Group’s diverse business development and its direction of future development, and to provide the Company with enhanced corporate image and clearer identity, the Board proposed in the annual general meeting of the Company held on 30 June 2022 to change the Company’s name from “Orient Victory Travel Group Company Limited” to “Orient Victory Smart Urban Services Holding Limited”, and was duly approved by the shareholders (the “Shareholders”) of the Company. The change of company name has become effective from 11 July 2022, which is the date on which the new name of the Company in both English and Chinese is registered by the Registrar of Companies in the Cayman Islands as set out in the certificate of incorporation on change of name of the Company issued by the Registrar of Companies in the Cayman Islands.

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

Property Management Businesses

Recent policies of the property management industry in the PRC continued to be positive. Pursuant to the 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), in order to satisfy the public aspiration of better living quality and condition, the development of residential property management industry shall be facilitated and the quality and diversification of services shall be enhanced. In particular, the notice requires the local governments to regulate the relationship between governments and enterprises at the grassroots level, facilitate the enhancement of scope of services, management and quality of property management services, support acquisition of the property management companies, encourage market-based property management fees, etc., to develop a long-term effective management mechanism of property management operations, pointing the way for healthy and long-term development of the industry. In addition, the “14th Five-Year” Plan promotes the development of property management industry on the aspects of 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, etc., providing room for development of the property management industry.

MANAGEMENT DISCUSSION AND ANALYSIS

Dongsheng PMS and its subsidiaries 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) and won various awards in the past, including the "2022 China Five-Star Property Management Services Project*" (二零二二中國五星級物業服務項目) as awarded by Beijing China Index Academy* (北京中指信息技術研究院), the "2022 Companies of Excellence in China City Property Services Satisfaction*" (二零二二中國城市物業服務滿意度優秀企業) as awarded by China Index Academy* (中國指數研究院), the "2022 Benchmark Companies in terms of Comprehensive Strength on China Property Services*" (二零二二中國物業服務綜合實力標桿企業) as awarded by China Real Estate News* (中國房地產報社), the "2021 Top 100 Property Management Services Companies in the PRC in terms of Brand Value*" (二零二一年中國物業服務企業品牌價值百強企業) as awarded by China Real Estate News* (中國房地產報社), and the "2021 Star of Property Services in Hebei Province, Property Management Services with Gold Medal*" (二零二一年冀房之星·金牌物業) as awarded by Hebeinews.cn* (河北新聞網). During the Period, apart from improving the services quality of its existing projects, Dongsheng PMS and its subsidiaries put effort on operating scale expansion, and won several property management services biddings in Shijiazhuang City, Hebei Province, the PRC, covering properties such as hospitals, colleges, commercial buildings and government buildings. As at 30 June 2022, Dongsheng PMS and its subsidiaries had a total contracted gross floor area of approximately 8.9 million square meters (31 December 2021: approximately 8.5 million square meters), of which a total gross floor area of approximately 7.8 million square meters (31 December 2021: approximately 7.6 million square meters) was under their management. The total gross floor area mainly involves residential properties, commercial properties, office buildings, sales offices and related areas, hospitals, government and other public facilities.

On the other hand, the Group commenced its leasing-related services upon the acquisitions of Dongsheng PMS and Kinyoun International. To further expand the Group's scale of leasing-related services, the Group entered into sale and purchase agreements (pre-sale) on 20 January 2022 with Hebei Qifuqian Yue Real Estate Development Co., Ltd.* (河北祈福乾悅房地產開發有限公司) ("Qifuqian Yue", which is owned as to 51% by Orient Victory Property Development Group Co., Ltd.* ("OVPD", 東勝房地產開發集團有限公司, which is wholly-owned by Mr. Shi Baodong ("Mr. Shi"), the controlling shareholder of the Company)) to acquire 47 commercial units with an estimated aggregate gross floor area of approximately 2,563 square meters located at the city centre of Shijiazhuang City, Hebei Province, the PRC. The delivery of the commercial units is expected to be completed on or before December 2023 and the Group shall operate the commercial units under operating lease arrangements. Further details of the acquisition are set out in the Company's announcements dated 20 January 2022 and 21 January 2022.

In addition, OVPD and its subsidiaries provided to the Group new business opportunities in relation to the property management services for their real estate projects. On 1 December 2021, the Company and OVPD entered into a framework agreement, pursuant to which OVPD agreed to appoint the Group for the provision of the property management services and the commercial properties and merchants management services for a term commencing on 1 December 2021 and ending on 31 December 2023, which allows the Group to further expand its property management businesses. The services constitute 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 Period, relevant services provided to OVPD and its subsidiaries contributed revenue of approximately HK\$24.6 million (six months ended 30 June 2021: approximately HK\$1.2 million) to the Group.

With the Group's effort on the development of its property management businesses, during the Period, the Group recorded revenue from property management businesses of approximately HK\$75.8 million (six months ended 30 June 2021: approximately HK\$10.4 million).

MANAGEMENT DISCUSSION AND ANALYSIS

Environmental Hygiene Businesses

In relation to the environmental hygiene businesses, following the secure of an environmental hygiene service project in Zhangjiakou City, Hebei Province, the PRC in the fourth quarter of 2021, the Group further secured an environmental hygiene service project in Shijiazhuang City, Hebei Province, the PRC in the second quarter of 2022, which signifies the Group's continuous effort on expanding the environmental hygiene businesses. Revenue of approximately HK\$11.7 million (six months ended 30 June 2021: nil) was recognised by the Group during the Period.

Integrated Development Businesses

Benefit from the effective prevention and control measures for the Pandemic put in place by the local government, the Group was able to carry out its business of operation and management of tourist attraction and cultural spot in Shijiazhuang City, Hebei Province, the PRC in a relatively stable manner. Owing to the temporary closures of the facilities at certain times and the limitation of the number of visitors, revenue in both periods remained at a lower level. On the other hand, the Group continues to facilitate the development of other businesses in the integrated development segment that are less affected by the Pandemic. Marketing, event planning and consulting services contributed revenue of approximately HK\$7.6 million (six months ended 30 June 2021: approximately HK\$16.9 million) to the Group during the Period. The decrease in revenue during the Period was mainly due to fewer marketing, event planning and consulting services for real estate projects undertaken by the Group during the Period.

Diversified Tourism Products and Services Businesses

Revenue from diversified tourism products and services businesses remained at a low level in the amounts of approximately HK\$23.9 million and approximately HK\$4.7 million during the Period and the six months ended 30 June 2021 respectively. The Pandemic has brought huge impact to the Group's diversified tourism products and services businesses since the early 2020. It is expected that the Pandemic will continue to impact the travel and tourism industry, and thus outbound travel businesses, being the Group's main business focus of the diversified tourism products and services segment, will continue to be affected.

Four Seas Tours Limited ("Four Seas", 四海旅行社有限公司), which was owned as to 65% by the Group during the Period, is principally engaged in the sale of air tickets and provision of other travel-related services in Hong Kong. In the view that Four Seas has been loss-making since the financial year ended 31 December 2015 and that it is still uncertain about the timing of full recovery of the travel and tourism industry, on 22 August 2022, the Group (as vendor) entered into a share transfer agreement with Four Seas Travel (BVI) Limited ("Four Seas BVI", a then connected person of the Company at the subsidiary level) (as purchaser) to dispose of its 65% interest in Four Seas. By completing the disposal, the Group is able to (i) reallocate more resources on its profit-making businesses such as the property management and leasing services businesses; (ii) avoid potential future operating losses of Four Seas caused by the uncertainty of the Pandemic; and (iii) recognise a net gain on disposal of Four Seas of not less than approximately HK\$5.0 million in the second half of 2022. Further details of the disposal are set out in the Company's announcement dated 22 August 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

Future Outlook

The recent supportive policies on property management and environmental hygiene industries pave a healthy way for the Group's property management businesses and environmental hygiene businesses. On the other hand, despite the Pandemic creates a challenging environment for travel and tourism businesses, having considered the expected long-term steady improvement of the PRC economy and the continuous improvement of people's living standard, tourism-related businesses are expected to be vigorous in a long run.

Looking forward, the Group will uphold its social responsibility aiming at providing customers with high quality services for better quality of life while improving the Group's brand value. Meanwhile, the Group will continue to develop and expand its property management businesses, environmental hygiene businesses and integrated development businesses steadily through organic growth, bidding of new projects and strategic acquisitions and cooperation. As for the Group's diversified tourism products and services businesses, the Group will closely and cautiously monitor the development of the Pandemic and the outbound tourism industry, and resume such businesses at appropriate time in a safe and effective manner.

Business Review

Property Management Businesses

The Group started engaging in the property management businesses since completion of the acquisition of the entire equity interest in Dongsheng PMS on 18 May 2021. Dongsheng PMS and its subsidiaries are principally engaged in the provision of property management and leasing services for residential and commercial properties in Hebei Province, the PRC. As at 30 June 2022, Dongsheng PMS and its subsidiaries had a total contracted gross floor area of approximately 8.9 million square meters (31 December 2021: approximately 8.5 million square meters), of which a total gross floor area of approximately 7.8 million square meters (31 December 2021: approximately 7.6 million square meters) was under their management. The total gross floor area mainly involves residential properties, commercial properties, office buildings, sales offices and related areas, hospitals, government and other public facilities.

The Group further expanded its leasing related business by completing the acquisition of the entire equity interest in Kinyoun International on 9 August 2021, which, alongside its subsidiaries, are principally engaged in the sub-leasing business for non-residential properties in Shijiazhuang City, Hebei Province, the PRC.

Further 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 Performance" in "Management Discussion and Analysis".

Benefit from the acquisitions and the business development and performance of Dongsheng PMS and Kinyoun International, the Group recorded revenue from property management and leasing services of approximately HK\$75.8 million (six months ended 30 June 2021: approximately HK\$10.4 million) during the Period, representing an increase of 629% as compared to the corresponding period of last year.

MANAGEMENT DISCUSSION AND ANALYSIS

Environmental Hygiene Businesses

The Group commenced its environmental hygiene businesses following the secure of an environmental hygiene service project in Zhangjiakou City, Hebei Province, the PRC in the fourth quarter of 2021. Revenue of approximately HK\$11.7 million (six months ended 30 June 2021: nil) was recognised by the Group during the Period.

Integrated Development Businesses

The Group has been operating in the integrated development businesses since the acquisition of the entire interest in a piece of land located at corner Miller Rise, Bankside Road, Millwater Parkway, Silverdale, Auckland, New Zealand with an aggregate area of approximately 15,742 square meters in 2017. Construction of the first phase of the project was completed in 2019 and all residential units of the first phase of the project were sold in 2020. In respect of the remaining portion of the piece of land (approximately 12,986 square meters), with an aim to improving the cash inflows, in December 2020, the Group (as vendor) entered into two agreements for sale and purchase of real estate with an independent third party of the Company (as purchaser) to dispose of the remaining portion of the piece of land for a total consideration of approximately New Zealand Dollar (“NZD”) 10.3 million (equivalent to approximately HK\$57.3 million). The disposal was completed in May 2021 and total net gain on disposal of NZD1.7 million (equivalent to approximately HK\$9.4 million) was recognised during the six months ended 30 June 2021. Pursuant to a shareholder resolution of Orient Victory New Zealand Limited, a wholly-owned subsidiary of the Company dated 6 September 2021, as all the Group’s land and residential properties in New Zealand were disposed of by May 2021 and the Group had no further investment and development plan in New Zealand, it was resolved to commence the liquidation procedures of all the Group’s wholly-owned subsidiaries in New Zealand. The liquidation procedures were completed on 5 November 2021. Accordingly, results of the Group’s property development business in New Zealand for the six months ended 30 June 2021 were restated as a discontinued operation in the Group’s condensed consolidated financial statements.

On the other hand, Hebei Tu Men Travel Development Limited* (河北土門旅遊開發有限公司) (“Tu Men Travel”), which is principally engaged in the operation and management of tourist attractions and cultural spots and owns a tourist attraction and cultural spot in Shijiazhuang City, Hebei Province, the PRC, contributed revenue of approximately HK\$5.7 million (six months ended 30 June 2021: approximately HK\$15.7 million) to the Group during the Period. At the beginning of the Period, to better control its operating risks, Tu Men Travel revised its operating model providing relevant merchants with greater operating rights and responsibilities, whereby relevant merchants share with Tu Men Travel a portion of their merchandising revenue. The revision in operating model resulted in the change in revenue recognition for part of the revenue of Tu Men Travel from gross basis to net basis, and led to a decrease in revenue of Tu Men Travel for the Period as compared to the corresponding period of last year. Nevertheless, the gross profit of Tu Men Travel improved during the Period (i.e. from approximately HK\$1.6 million during the six months ended 30 June 2021 to approximately HK\$2.8 million during the Period), which was primarily driven by the revision of operating model and the improving Pandemic situation of Shijiazhuang City, Hebei Province, the PRC.

In addition, since 2019, the Group has been operating event planning and all-round event production services in respect of the real estate development in the PRC, and has recruited a team of talents equipped with extensive experience in corporate image building, brand management, marketing, event planning and public relations and communication. Revenue of approximately HK\$7.6 million (six months ended 30 June 2021: approximately HK\$16.9 million) was recognised during the Period. The decrease in revenue during the Period was mainly due to fewer marketing, event planning and consulting services for real estate projects undertaken by the Group during the Period.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group also engaged in the developments of tourism-related facilities in the PRC. During the Period, a piece of land in Shijiazhuang City, Hebei Province, the PRC, with an aggregate area of 14,637 square meters, is under planning stage and was recognised as inventories in the Group's condensed consolidated financial statements as at 30 June 2022 in the carrying amount of approximately HK\$15.6 million (31 December 2021: approximately HK\$15.8 million).

Besides, pursuant to an agreement dated 28 October 2021 entered into between the Group and a local government authority, a piece of land in Shijiazhuang City, Hebei Province, the PRC with an aggregate area of approximately 21,647 square meters, which was recognised as inventories in the consolidated financial statements as at 31 December 2020 in the carrying amount of approximately HK\$102.3 million, was returned to the local government in 2021 for the consideration of approximately RMB85.0 million (equivalent to approximately HK\$102.2 million). Proceeds of RMB55.0 million (equivalent to approximately HK\$64.3 million) was received up to the date of this report.

Diversified Tourism Products and Services Businesses

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

The Pandemic and the anti-pandemic control measures imposed since the early 2020 have significantly impacted the outbound travel and tourism activities. The Group's revenue from diversified tourism products and services businesses remained at a low level in the amounts of approximately HK\$23.9 million and approximately HK\$4.7 million during the Period and the six months ended 30 June 2021 respectively. An increase in revenue during the Period as compared to the corresponding period of last year was recorded, which was primarily attributable to the increase in demand of air tickets following the shortened designated hotel quarantine period for arrivals of passengers in Hong Kong from late March 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Analysis

Operating Performance

a. Continuing operations

Analysis by nature of revenue:

	For the six months ended 30 June			
	2022		2021	
	HK\$'000 (unaudited)	%	HK\$'000 (unaudited)	%
Property management businesses:				
Property management and leasing related services	75,837	60.8%	10,412	21.8%
Environmental hygiene businesses:				
Environmental hygiene services	11,708	9.4%	-	-
Integrated development businesses:				
Marketing, event planning and consulting services	7,612	6.1%	16,888	35.4%
Tourism attractions related income	5,742	4.6%	15,704	32.9%
Sub-total	13,354	10.7%	32,592	68.3%
Diversified tourism products and services businesses:				
Sales of air tickets and diversified tourism products, provision of travel and other related services and commission income	23,895	19.1%	4,736	9.9%
Total	124,794	100.0%	47,740	100.0%

The Group recorded revenue of approximately HK\$124.8 million (six months ended 30 June 2021: approximately HK\$47.7 million) for the Period, representing an increase of approximately 162% as compared to the corresponding period of last year.

The Group commenced its property management businesses in May 2021. The increase in revenue from property management businesses during the Period was mainly attributable to the recognition of full half year performance of the property management businesses during the Period, while only approximately one and a half month of relevant revenue was recognised during the six months ended 30 June 2021. 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 Performance” in “Management Discussion and Analysis”.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group's environmental hygiene businesses and integrated development businesses served as other revenue drivers during the Period. Further details of these business performance are set out in sections headed "Environmental Hygiene Businesses" and "Integrated Development Businesses" under "Business Review" in "Management Discussion and Analysis".

As a result of the Pandemic, outbound travel and tourism activities has been severely affected since the early 2020. The Group's revenue from diversified tourism products and services segment remained at a low level. Further details of these business performance are set out in section headed "Diversified Tourism Products and Services Businesses" under "Business Review" in "Management Discussion and Analysis".

Gross profit

The Group recorded gross profit of approximately HK\$32.6 million (six months ended 30 June 2021: approximately HK\$6.5 million) for the Period, representing an increase of approximately 402% as compared to the corresponding period of last year. The increase in gross profit was primarily attributable to the increase in revenue from property management businesses during the Period, which had a higher gross profit percentage as compared to the revenue from other segments.

The increase in gross profit percentage from approximately 14% during the six months ended 30 June 2021 to approximately 26% during the Period was mainly attributable to the increase in proportion of revenue from property management businesses to total revenue during the Period, which had a higher gross profit percentage than that of the revenue from other segments.

Profit for the Period from continuing operations

Profit for the Period from continuing operations amounted to approximately HK\$3.0 million (six months ended 30 June 2021: loss for the period from continuing operations amounted to approximately HK\$11.2 million (restated)). Such improvement was primarily attributable to the segment results of the property management businesses of approximately HK\$13.5 million (six months ended 30 June 2021: approximately HK\$0.9 million) during the Period.

b. Discontinued operation

Included in profit from discontinued operation for the six months ended 30 June 2021 was the results of the Group's property development business in New Zealand. Pursuant to a shareholder resolution of Orient Victory New Zealand Limited, a wholly-owned subsidiary of the Company dated 6 September 2021, as all the Group's land and residential properties in New Zealand were disposed of by May 2021 and the Group had no further investment and development plan in New Zealand, it was resolved to commence the liquidation procedures of all the Group's wholly-owned subsidiaries in New Zealand. The liquidation procedures were completed on 5 November 2021. Accordingly, results of the Group's property development business in New Zealand for the six months ended 30 June 2021 were restated as a discontinued operation in the Group's condensed consolidated financial statements. The net profit of the property development business in New Zealand of approximately HK\$5.7 million during the six months ended 30 June 2021 was primarily attributable to the net gain on disposal of the remaining portion of the piece of land located in New Zealand of approximately HK\$9.4 million, details of which are set out in the section headed "Integrated Development Businesses" under "Business Review" in "Management Discussion and Analysis".

MANAGEMENT DISCUSSION AND ANALYSIS

Assets Structure

As at 30 June 2022 and 31 December 2021, the Group's assets mainly included property, plant and equipment, investment properties, interest in an associate, inventories, trade receivables, prepayments, deposits and other receivables, advances to an associate, restricted bank deposits and cash and cash equivalents, details of which are set out below:

- i. Property, plant and equipment of approximately HK\$131.7 million (31 December 2021: approximately HK\$137.9 million) as at 30 June 2022 mainly represented properties and other equipment of the tourist attraction and cultural spot owned by Tu Men Travel in the net carrying amount of approximately HK\$122.2 million (31 December 2021: approximately HK\$129.1 million).
- ii. Investment properties of approximately HK\$88.0 million (31 December 2021: approximately HK\$100.6 million) as at 30 June 2022 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 Dongsheng PMS and subsidiaries of Kinyoun International from property owners to earn rentals.
- iii. Interest in an associate of approximately HK\$31.4 million (31 December 2021: approximately HK\$32.9 million) as at 30 June 2022 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 had a piece of land in Zhangjiakou City, Hebei Province, the PRC with an aggregate area of 79,039 square meters, which was under preliminary development stage with "Certificate of Permitting Construction and Engineering Planning*" ("建設工程規劃許可證") obtained in September 2021, and was recognised as investment properties and inventories in the books of Dakun Zhifang as at 30 June 2022 in the carrying amounts of approximately HK\$144.1 million and approximately HK\$99.4 million respectively (31 December 2021: approximately HK\$150.7 million and approximately HK\$103.0 million respectively).

Pursuant to an agreement dated 6 September 2021 entered into between Dakun Zhifang and China Huarong Assets Management Co., Ltd. Hebei Branch* (中國華融資產管理股份有限公司河北省分公司) ("Hebei Huarong"), the piece of land held by Dakun Zhifang (the "Pledge"), together with other assets owned by Mr. Shi, the controlling Shareholder, were pledged to Hebei Huarong to secure the repayments of certain borrowings obtained by entities controlled by Mr. Shi in an aggregate principal amount of RMB556.6 million (equivalent to approximately HK\$651.1 million).

As at 30 June 2022, the Group's advances to Dakun Zhifang (which were made while it was a subsidiary of the Company) (the "Advances") of approximately HK\$147.4 million (31 December 2021: approximately HK\$153.9 million) are non-interest bearing and repayable on demand.

The obligations of Dakun Zhifang under the Pledge and the repayment of the Advances were guaranteed by the sales proceeds of certain properties held by an entity controlled by Mr. Shi, which shall be remitted into an escrow bank account (the "Arrangement"). As such, the directors of the Company consider that the risk associated with the Pledge and the credit risk arising from the Advances are significantly mitigated by the Arrangement with reference to the estimated market value of the properties as at 30 June 2022 and 31 December 2021 and that no provision is necessary.

MANAGEMENT DISCUSSION AND ANALYSIS

- iv. Inventories of approximately HK\$16.5 million (31 December 2021: approximately HK\$16.4 million) as at 30 June 2022 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\$15.6 million (31 December 2021: approximately HK\$15.8 million).
- v. Trade receivables of approximately HK\$59.4 million (31 December 2021: approximately HK\$30.6 million) as at 30 June 2022 were mainly derived from the property management segment of approximately HK\$30.7 million (31 December 2021: approximately HK\$14.2 million), the environmental hygiene segment of approximately HK\$9.4 million (31 December 2021: approximately HK\$2.3 million), and the marketing, event planning and consulting services under the integrated development segment of approximately HK\$8.1 million (31 December 2021: approximately HK\$11.7 million). The increase in trade receivables was mainly attributable to the combined effect of the collection of trade receivables and the recognition of relevant revenue during the Period.
- vi. Prepayments, deposits and other receivables and advances to an associate of approximately HK\$233.9 million (31 December 2021: approximately HK\$314.6 million) as at 30 June 2022 mainly represented (1) receivables of approximately HK\$41.0 million (31 December 2021: approximately HK\$73.4 million) for the return of the piece of land in Shijiazhuang City, Hebei Province, the PRC with an aggregate area of approximately 21,647 square meters as detailed in the section headed “Integrated Development Businesses” under “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\$26.8 million (31 December 2021: nil), which was classified as a non-current asset as at 30 June 2022; and (3) the Advances of approximately HK\$147.4 million (31 December 2021: approximately HK\$153.9 million). The decrease was mainly attributable to the receipts of loans in January 2022 made to certain independent third parties of the Company in an aggregate amount of approximately HK\$61.2 million, and the receipt for the return of the afore-mentioned piece of land of RMB25.0 million (equivalent to approximately HK\$30.0 million) during the Period.
- vii. Restricted bank deposits and cash and cash equivalents were approximately HK\$295.9 million (31 December 2021: approximately HK\$256.6 million) as at 30 June 2022. The increase was mainly attributable to the combined effect of (1) the receipts of loans in January 2022 made to certain independent third parties of the Company in an aggregate amount of approximately HK\$61.2 million; (2) the receipt of approximately HK\$30.0 million in respect of the receivables for the return of the piece of land in Shijiazhuang City, Hebei Province, the PRC with an aggregate area of approximately 21,647 square meters as detailed in the section headed “Integrated Development Businesses” under “Business Review” in “Management Discussion and Analysis”; and (3) consideration paid for the acquisition of 47 commercial units from Qifuqianyue in the total amount of approximately HK\$26.8 million.

MANAGEMENT DISCUSSION AND ANALYSIS

Liabilities Structure

As at 30 June 2022 and 31 December 2021, the Group's liabilities mainly included trade payables and contract liabilities, other payables and accruals and lease liabilities, details of which are set out below:

- i. Trade payables and contract liabilities of approximately HK\$45.4 million (31 December 2021: approximately HK\$65.0 million) as at 30 June 2022 were mainly attributable to the trade payables of the marketing, event planning and consulting services under the integrated development segment of approximately HK\$11.7 million (31 December 2021: approximately HK\$12.9 million), and the trade payables of Four Seas of approximately HK\$16.5 million (31 December 2021: approximately HK\$11.0 million).
- ii. Other payables and accruals of approximately HK\$117.1 million (31 December 2021: approximately HK\$94.0 million) as at 30 June 2022 mainly consisted of consideration payable regarding the acquisition of Tu Men Travel of approximately HK\$30.6 million (31 December 2021: approximately HK\$32.0 million), land and construction costs payable of approximately HK\$9.5 million (31 December 2021: approximately HK\$10.7 million), and the receipts in advance from customers of the property management businesses of approximately HK\$20.9 million (31 December 2021: approximately HK\$25.6 million, which was recognised as contract liabilities) in aggregate.
- iii. Lease liabilities of approximately HK\$61.7 million (31 December 2021: approximately HK\$71.5 million) as at 30 June 2022 mainly comprised lease liabilities of the right-of-use assets of non-residential properties located in Shijiazhuang City and Xingtai City, Hebei Province, the PRC leased by Dongsheng PMS and subsidiaries of Kinyoun International from property owners to earn rentals of approximately HK\$57.9 million (31 December 2021: approximately 67.3 million).

Liquidity and Financial Resources

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

As at 30 June 2022, the Group had a current ratio of approximately 3.4 (31 December 2021: approximately 3.7). As the Group had no bank and other borrowings as at 30 June 2022 and 31 December 2021, gearing ratio (calculated by dividing net debt (defined as bank and other borrowings net of cash and cash equivalents) by total equity) was not applicable to the Group as at 30 June 2022 and 31 December 2021.

Foreign Exchange Exposure

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

Capital Commitment

As at 30 June 2022, the Group had capital commitment relating to the investment in an equity security of approximately HK\$17.5 million (31 December 2021: approximately HK\$18.3 million).

MANAGEMENT DISCUSSION AND ANALYSIS

Material Acquisition, Investments and Disposal

Pursuant to the sale and purchase agreements (pre-sale) all dated 20 January 2022 (as supplemented on 20 January 2022) entered into between Qifuqianyue and Dongsheng PMS, Dongsheng PMS agreed to acquire, and Qifuqianyue agreed to sell, 47 commercial units with an estimated aggregate gross floor area of approximately 2,563 square meters located at 17th Floor and 18th Floor, building no. 1, Zijingyuehe Centre (South zone), 2 Fengya Road, Changan District, Shijiazhuang City, Hebei Province, the PRC* (中國河北省石家莊市長安區豐雅路2號紫晶悅和中心南區), for a total consideration of RMB22,876,305 (equivalent to approximately HK\$27,491,000). Further details of the acquisition are set out in the Company's announcements dated 20 January 2022 and 21 January 2022. During the Period, Qifuqianyue had completed the filing procedures (i.e. the online signing and record uploaded) of the sale and purchase agreements and Dongsheng PMS had fully settled the consideration. As Qifuqianyue is a connected person of the Company, the transactions contemplated under the sale and purchase agreements (pre-sale) constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

Save as disclosed above, the Group had no significant investments, material acquisition and disposal of subsidiaries and associated companies during the Period.

Pledge of Assets

As at 30 June 2022 and 31 December 2021, the Group pledged the entire equity interest in Hua Yu New Life Services (Shenzhen) Company Limited* (華譽新生活服務(深圳)有限公司), an indirect wholly-owned subsidiary of the Company, and the entire issued share capital of Donghui Hong Kong Holdings Limited, an indirect wholly-owned subsidiary of the Company, to secure the issue of the perpetual convertible securities issued on 30 March 2016 with an aggregate principal amount of approximately HK\$70.0 million, details of which are set out in the Company's announcement dated 30 March 2016 and the Company's circular dated 29 January 2016.

Material Contingent Liabilities

As at 30 June 2022 and 31 December 2021, the Group had no material contingent liabilities.

Number and Remuneration of Employees

As at 30 June 2022, the total number of employees of the Group was approximately 1,120 (30 June 2021: approximately 220). Staff costs (including Directors' emoluments) of approximately HK\$25.2 million (six months ended 30 June 2021: approximately HK\$12.3 million) were incurred during the Period.

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

Interim Dividend

The Board does not recommend the payment of any interim dividend for the Period (six months ended 30 June 2021: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Events after the Reporting Period

(a) Change of Auditor

On 29 July 2022, Messrs. KPMG (“KPMG”) resigned as the auditor of the Company with effect from 29 July 2022 as the Company and KPMG could not reach a consensus on audit fee. On the same date, the Company appointed Mazars CPA Limited as the new auditor of the Company with effect from 29 July 2022 to fill the casual vacancy. Further details of the change of auditor are set out in the Company’s announcement dated 29 July 2022.

(b) Revision of Annual Cap under the Renewed Service Agreement

On 18 August 2022, the Board resolved to revise the annual cap for the period from 1 January 2022 to 3 September 2022 in respect of the fees payable by Four Seas to Hong Kong Four Seas Tours Limited for the provision of the services under the renewed service agreement as disclosed in the Company’s announcement dated 24 September 2021, further details of which are set out in the Company’s announcement dated 18 August 2022.

(c) Disposal of the 65% Interest in Four Seas

Pursuant to the share transfer agreement dated 22 August 2022 entered into between Sleek City Limited (a wholly-owned subsidiary of the Company) and Four Seas BVI, the Group disposed of its 65% interest in Four Seas to Four Seas BVI at a nominal value of HK\$1. As Four Seas BVI is a connected person of the Company at the subsidiary level, the transaction contemplated under the share transfer agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Further details of the disposal are set out in the Company’s announcement dated 22 August 2022.

* for identification purpose only

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

During the Period, the Company did not redeem any of its shares listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") nor did the Company or any of its subsidiaries purchase or sell any such shares.

Board Changes and Changes in Directors' Information under Rule 13.51B(1) of the Listing Rules

During the Period and up to the date of this report, there have been changes to the Board and Directors' information as follows:

1. Ms. Song Sining has resigned as a non-executive Director and has ceased to be a member of the audit committee (the "Audit Committee") of the Company with effect from 29 April 2022.
2. Ms. Chang Meiqi has been appointed as a non-executive Director and a member of the Audit Committee with effect from 29 April 2022.
3. Mr. Swei Feng-jih serves as the Head of Operating Department of the Finance and Accounting Department of Tatung Co., a company listed on the Taiwan Stock Exchange (stock code: 2371) from January 2022; and serves as a director of Forward Electronics Co., Ltd., a company listed on the Taipei Exchange (stock code: 8085) and the chairman of Tatung (Shanghai) Co., Ltd. (大同(上海)有限公司) from March 2022.

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

As at 30 June 2022, the interests and short positions of the Directors and chief executive of the Company in the ordinary shares (the "Shares"), underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance, Chapter 571 of the laws of Hong Kong (the "SFO")) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including long and short positions which were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered into the register maintained by the Company; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

Name of director	Capacity	Number of Shares/ underlying shares of the Company held	Approximate percentage of shareholding in the Company (Note 3)
Mr. Shi	Interest in a controlled corporation	10,059,791,816 (Note 1)	77.85%
	Beneficial owner	130,239,145 (Note 2)	1.01%
Ms. Chang Meiqi	Beneficial owner	650,000	0.01%
Mr. Dong Xiaojie	Beneficial owner	2,014,285	0.02%

CORPORATE GOVERNANCE AND OTHER INFORMATION

Notes:

1. Mr. Shi holds 100% equity interest in Orient Victory Real Estate Group Holdings Limited (“OVRE”) and is deemed to be interested in the 10,059,791,816 shares of the Company held by OVRE under the SFO. The interests include the holding of (i) 7,868,302,880 Shares; (ii) the perpetual convertible securities issued in March 2016 (the “2016 March PCS”) convertible into 128,771,155 Shares; and (iii) the perpetual convertible securities issued in October 2016 (the “2016 October PCS”) convertible into 2,062,717,781 Shares.
2. Mr. Shi beneficially owns 130,239,145 Shares as at 30 June 2022.
3. The approximate percentage was calculated based on 12,922,075,516 Shares in issue as at 30 June 2022.

Save as disclosed above, as at 30 June 2022, none of the Directors or chief executive of the Company has or is deemed to have any long or short position in the Shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including long and short positions which were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered into the register maintained by the Company; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Substantial Shareholders’ Interests and Short Positions in Shares and Underlying Shares

As at 30 June 2022, to the best knowledge of the Directors, the following entities (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying shares of the Company which fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of shareholder	Capacity	Number of Shares/ underlying shares of the Company held	Approximate percentage of shareholding in the Company (Note 4)
OVRE (Note 1)	Beneficial owner	10,059,791,816	77.85%
Outstanding Global Holdings Limited (“OGH”) (Note 2)	Person having security interests in shares and perpetual convertible securities of the Company	6,507,039,225	50.36%
Chance Talent Management Limited (“CTM”) (Note 3)	Person having security interests in shares and perpetual convertible securities of the Company	6,630,044,868	51.31%

CORPORATE GOVERNANCE AND OTHER INFORMATION

Notes:

1. OVRE is wholly-owned by Mr. Shi. The interests include the holding of (i) 7,868,302,880 Shares; (ii) the 2016 March PCS convertible into 128,771,155 Shares; and (iii) the 2016 October PCS convertible into 2,062,717,781 Shares.
2. OGH is wholly-owned by China Huarong International Holdings Limited which is indirectly wholly-owned by China Huarong Asset Management Co., Ltd. (a corporation listed on the Stock Exchange (stock code: 2799)). The 6,507,039,225 shares of the Company, in aggregate, comprise security interests in (i) 6,501,273,713 Shares pledged by OVRE; and (ii) the 2016 October PCS (convertible into 5,765,512 Shares) pledged by OVRE.
3. CTM is a limited liability business company incorporated under the laws of the British Virgin Islands and an indirectly wholly-owned special purpose vehicle of CCB International (Holdings) Limited. CCB International (Holdings) Limited is an investment services flagship which is indirectly wholly-owned by China Construction Bank Corporation, a joint-stock company incorporated in the PRC and listed on the Main Board of the Stock Exchange (stock code: 0939) and the Shanghai Stock Exchange (stock code: 601939). The 6,630,044,868 shares of the Company, in aggregate, comprise security interests in (i) 6,501,273,713 Shares pledged by OVRE; and (ii) the 2016 March PCS (convertible into 128,771,155 Shares) pledged by OVRE.
4. The approximate percentage was calculated based on 12,922,075,516 Shares in issue as at 30 June 2022.

Save as disclosed above, as at 30 June 2022, the Directors and the chief executive of the Company are not aware of any other person or corporation having an interest or short positions in the Shares or underlying shares of the Company which would require to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

Share Option Scheme

At the general meeting of the Company held on 5 June 2012, the shareholders approved the adoption of a new share option scheme (the “2012 Option Scheme”) and became effective on 11 June 2012. No share option has been granted under the 2012 Option Scheme since its adoption.

Compliance with the Corporate Governance Code

The Company had complied with all applicable code provisions as in force during the Period under the “Corporate Governance Code” (the “CG Code”) contained in Appendix 14 of the Listing Rules throughout the Period 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 are vested in Mr. Shi during the Period, 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.

Compliance with the Model Code for Securities Transactions by Directors

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct for dealings in securities of the Company by the Directors.

Specific enquiries have been made with all the Directors, who have confirmed that they complied with the required standards as set out in the Model Code throughout the Period.



CORPORATE GOVERNANCE AND OTHER INFORMATION

Audit Committee and Review of Interim Results

The Company has established an 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. Sui 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 interim results of the Group for the Period have not been audited, but have been reviewed by the Audit Committee. The Audit Committee considers that appropriate accounting policies have been adopted, and the applicable requirements of the Listing Rules have been complied with, in the preparation of relevant results, and sufficient disclosures have been made.

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 Period.

By order of the Board

Orient Victory Smart Urban Services Holding Limited

Shi Baodong

Chairman, Chief Executive Officer and Executive Director

Hong Kong, 29 August 2022

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2022
(expressed in Hong Kong dollars ("HK\$"))

	Notes	For the six months ended 30 June	
		2022 (unaudited) HK\$'000	2021 (unaudited) HK\$'000 (Restated) (note)
Continuing operations:			
Revenue	3	124,794	47,740
Cost of sales and services		(92,224)	(41,252)
Gross profit		32,570	6,488
Other income		3,299	3,119
Selling, general and administrative expenses		(22,679)	(20,639)
Share of loss of an associate		(102)	-
Fair value changes on investment properties		(4,770)	-
Finance costs	4	(3,929)	(1)
Profit/(Loss) before taxation	5	4,389	(11,033)
Income tax	6	(1,412)	(201)
Profit/(Loss) for the period from continuing operations		2,977	(11,234)
Discontinued operation:			
Profit for the period from discontinued operation		-	5,671
Profit/(Loss) for the period		2,977	(5,563)
Attributable to:			
Equity holders of the Company			
- continuing operations		3,203	(8,235)
- discontinued operation		-	5,671
		3,203	(2,564)
Non-controlling interests			
- continuing operations		(226)	(2,999)
Profit/(Loss) for the period		2,977	(5,563)
Basic and diluted earning/(loss) per share	7		
- continuing operations		(HK0.06 cent)	(HK0.10 cent)
- discontinued operation		-	HK0.04 cent

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

The notes on pages 28 to 40 form part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2022
(expressed in HK\$)

	For the six months ended 30 June	
	2022 (unaudited) HK\$'000	2021 (unaudited) HK\$'000 (Restated) (note)
Profit/(Loss) for the period	2,977	(5,563)
Other comprehensive (loss)/income for the period (after tax)		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
- exchange differences on translation of financial statements of foreign operations	(24,456)	5,542
Total comprehensive loss for the period	(21,479)	(21)
Attributable to:		
Equity holders of the Company		
- continuing operations	(19,826)	(3,060)
- discontinued operation	-	5,671
	(19,826)	2,611
Non-controlling interests		
- continuing operations	(1,653)	(2,632)
Total comprehensive loss for the period	(21,479)	(21)

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

The notes on pages 28 to 40 form part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022
(expressed in HK\$)

	Notes	At 30 June 2022 (unaudited) HK\$'000	At 31 December 2021 (audited) HK\$'000
Non-current assets			
Investment properties		87,952	100,599
Property, plant and equipment		131,675	137,855
Intangible assets		140	159
Interest in an associate		31,373	32,916
Prepayments, deposits and other receivables		26,762	–
Deferred tax assets		2,538	2,625
		280,440	274,154
Current assets			
Inventories		16,510	16,385
Trade receivables	8	59,397	30,607
Advances to an associate		147,396	153,943
Prepayments, deposits and other receivables		59,695	160,688
Restricted bank deposits		1,029	1,423
Cash and cash equivalents		294,877	255,219
		578,904	618,265
Current liabilities			
Trade payables	9	37,338	31,178
Contract liabilities		8,068	33,833
Other payables and accruals		117,120	93,975
Lease liabilities		8,595	9,024
Provisions		966	1,010
		172,087	169,020
Net current assets		406,817	449,245
Total assets less current liabilities		687,257	723,399

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022
(expressed in HK\$)

	Note	At 30 June 2022 (unaudited) HK\$'000	At 31 December 2021 (audited) HK\$'000
Non-current liabilities			
Lease liabilities		53,074	62,450
Deferred tax liabilities		12,563	13,226
Provisions		1,654	1,729
		67,291	77,405
NET ASSETS		619,966	645,994
CAPITAL AND RESERVES			
Share capital	10	64,610	64,610
Perpetual convertible securities		296,274	296,274
Reserves		234,810	262,490
Total equity attributable to equity holders of the Company		595,694	623,374
Non-controlling interests		24,272	22,620
TOTAL EQUITY		619,966	645,994

Approved and authorised for issue by the board of directors on 29 August 2022.

Shi Baodong
Chairman

Mo Yueming
Director

The notes on pages 28 to 40 form part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022
(expressed in HK\$)

	Attributable to equity owners of the Company							
	Share capital	Share premium	Perpetual convertible securities	Exchange reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	(unaudited) HK\$'000	(unaudited) HK\$'000	(unaudited) HK\$'000	(unaudited) HK\$'000	(unaudited) HK\$'000	(unaudited) HK\$'000	(unaudited) HK\$'000	(unaudited) HK\$'000
Balance at 1 January 2021	64,610	635,378	296,274	6,850	(378,292)	624,820	77,733	702,553
Changes in equity for the six months ended 30 June 2021:								
Loss for the period	-	-	-	-	(2,564)	(2,564)	(2,999)	(5,563)
Other comprehensive income	-	-	-	5,175	-	5,175	367	5,542
Total comprehensive income/(loss)	-	-	-	5,175	(2,564)	2,611	(2,632)	(21)
Equity-settled share-based transactions	-	83	-	-	-	83	-	83
Balance at 30 June 2021	64,610	635,461	296,274	12,025	(380,856)	627,514	75,101	702,615

The notes on pages 28 to 40 form part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022
(expressed in HK\$)

	Attributable to equity owners of the Company							Non-controlling interests (unaudited) HK\$'000	Total equity (unaudited) HK\$'000
	Share capital (unaudited) HK\$'000	Share premium (unaudited) HK\$'000	Perpetual convertible securities (unaudited) HK\$'000	Exchange reserve (unaudited) HK\$'000	Accumulated losses (unaudited) HK\$'000	Total (unaudited) HK\$'000			
Balance at 1 January 2022	64,610	635,537	296,274	23,590	(396,637)	623,374	22,620	645,994	
Changes in equity for the six months ended 30 June 2022:									
Profit/(Loss) for the period	-	-	-	-	3,203	3,203	(226)	2,977	
Other comprehensive loss	-	-	-	(23,029)	-	(23,029)	(1,427)	(24,456)	
Total comprehensive income/(loss)	-	-	-	(23,029)	3,203	(19,826)	(1,653)	(21,479)	
Contribution from a non-controlling shareholder of a subsidiary	-	-	-	-	-	-	3,305	3,305	
Distributions to holders of perpetual convertible securities (note 12)	-	-	-	-	(7,937)	(7,937)	-	(7,937)	
Equity-settled share-based transactions	-	83	-	-	-	83	-	83	
Balance at 30 June 2022	64,610	635,620	296,274	561	(401,371)	595,694	24,272	619,966	

The notes on pages 28 to 40 form part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2022
(expressed in HK\$)

	For the six months ended 30 June	
	2022 (unaudited) HK\$'000	2021 (unaudited) HK\$'000
Net cash generated from/(used in) operating activities	26,902	(11,799)
Net cash generated from investing activities	34,901	158,611
Net cash used in financing activities	(10,392)	(201)
Net increase in cash and cash equivalents	51,411	146,611
Cash and cash equivalents at 1 January	255,219	179,309
Effect of foreign exchange rate changes	(11,753)	2,974
Cash and cash equivalents at 30 June	294,877	328,894

The notes on pages 28 to 40 form part of these condensed consolidated financial statements.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022
(expressed in HK\$ unless otherwise indicated)

1 Corporate Information

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

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

2 Basis of Preparation

The condensed consolidated interim financial statements of the Group for the Period (the "Interim Financial Statements") are unaudited but have been reviewed by the audit committee of the Company. These Interim Financial Statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange and Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants.

The Interim Financial Statements have been prepared under the historical cost basis, except for investment properties which are measured at fair values. The Interim Financial Statements should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2021 (the "2021 Annual Financial Statements"). The accounting policies adopted in the Interim Financial Statements are consistent with those applied in the preparation of the 2021 Annual Financial Statements, except for the adoption of the new/revised Hong Kong Financial Reporting Standards ("HKFRSs"), which are relevant to the Group's operation and are effective for the Group's financial year beginning on 1 January 2022 as described below.

Amendments to HKAS 16	<i>Property, Plant and Equipment – Proceeds before Intended Use</i>
Amendments to HKAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>
Amendments to HKFRS 3	<i>Reference to the Conceptual Framework</i>
Annual Improvement Project	<i>2018–2020 Cycle</i>

The Group has not early adopted any new/revised HKFRSs that have been issued but are not yet effective for the financial period beginning on 1 January 2022.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022
(expressed in HK\$ unless otherwise indicated)

3 Revenue and Segment Reporting

(a) Revenue

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

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

	For the six months ended 30 June	
	2022 (unaudited) HK\$'000	2021 (unaudited) HK\$'000
Revenue from contracts with customers within the scope of HKFRS 15:		
Disaggregated by major products or services lines:		
Property management services	65,043	9,774
Environmental hygiene services	11,708	–
Marketing, event planning and consulting services	7,612	16,888
Tourism attractions related income	5,742	15,704
Sales of air tickets and diversified tourism products, provision of travel and other related services and commission income	23,895	4,736
	114,000	47,102
Revenue from other sources:		
Rental income	10,794	638
	124,794	47,740

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

For the Period, the Group had transactions with a customer (i.e. Orient Victory Property Development Group Co., Ltd.* (“OVPD”, 東勝房地產開發集團有限公司), which is wholly-owned by Mr. Shi Baodong (“Mr. Shi”), the controlling shareholder of the Company) and entities under its control in the property management segment and the integrated development segment, contributing total revenue of approximately HK\$32,206,000 (six months ended 30 June 2021: approximately HK\$17,493,000) to the Group, representing over 10% of the Group's revenue for the Period.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022
(expressed in HK\$ unless otherwise indicated)

3 Revenue and Segment Reporting (*continued*)

(b) Segment reporting

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

Continuing reportable segments:

- the property management segment, which involves the provision of property management and leasing services for residential and commercial properties.
- the environmental hygiene segment, which involves the provision of environmental hygiene services for urban and rural areas.
- 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.
- the diversified tourism products and services segment, which comprises the sale of air tickets and other tourism products, and the provision of travel related and other services principally to corporate clients.

Discontinued reportable segment:

- the Group's property development business in New Zealand. Pursuant to a shareholder resolution of Orient Victory New Zealand Limited ("OVNZ"), a wholly-owned subsidiary of the Company dated 6 September 2021, as all the Group's land and residential properties in New Zealand were disposed of by May 2021 and the Group had no further investment and development plan in New Zealand, it was resolved to commence the liquidation procedures of all the Group's wholly-owned subsidiaries in New Zealand (collectively the "OVNZ Group"). The liquidation procedures were completed on 5 November 2021. Accordingly, results of the Group's property development business in New Zealand for the six months ended 30 June 2021 were restated as a discontinued operation in the Group's condensed consolidated financial statements.

(i) *Segment results, assets and liabilities*

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

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

Segment assets and liabilities include all assets and liabilities with the exception of cash and cash equivalents, restricted bank deposits and head office and corporate assets and liabilities, which are managed centrally.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022
(expressed in HK\$ unless otherwise indicated)

3 Revenue and Segment Reporting (continued)

(b) Segment reporting (continued)

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

Disaggregation of revenue from contracts with customers by the timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the Period and the six months ended 30 June 2021 is set out below.

	For the six months ended 30 June												
	Continuing operations								Discontinued operation				
	Property management		Environmental hygiene		Integrated development		Diversified tourism products and services		Sub-total		OVNZ Group	Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2021	2022	
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
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	
					(Restated)				(Restated)	(Restated)		(Restated)	
					(note)				(note)	(note)		(note)	
Disaggregated by timing of revenue recognition:													
- Point in time	-	-	11,708	-	13,354	32,592	23,895	4,736	48,957	37,328	-	48,957	37,328
- Over time	65,043	9,774	-	-	-	-	-	-	65,043	9,774	-	65,043	9,774
	65,043	9,774	11,708	-	13,354	32,592	23,895	4,736	114,000	47,102	-	114,000	47,102
Rental income	10,794	638	-	-	-	-	-	-	10,794	638	-	10,794	638
Reportable segment revenue	75,837	10,412	11,708	-	13,354	32,592	23,895	4,736	124,794	47,740	-	124,794	47,740
Segment results	13,456	911	(4,489)	-	(2,438)	(4,640)	7,967	(3,932)	14,496	(7,661)	8,463	14,496	802
Corporate and other unallocated income and expenses, net									(6,178)	(3,371)	-	(6,178)	(3,371)
Finance costs									(3,929)	(1)	(131)	(3,929)	(132)
Profit/(loss) before taxation									4,389	(11,033)	8,332	4,389	(2,701)

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022
(expressed in HK\$ unless otherwise indicated)

3 Revenue and Segment Reporting (continued)

(b) Segment reporting (continued)

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

	Property management		Environmental hygiene		Integrated development		Diversified tourism products and services		Total	
	30 June 2022 (unaudited) HK\$'000	31 December 2021 (audited) HK\$'000 (Restated) (note)	30 June 2022 (unaudited) HK\$'000	31 December 2021 (audited) HK\$'000 (Restated) (note)	30 June 2022 (unaudited) HK\$'000	31 December 2021 (audited) HK\$'000	30 June 2022 (unaudited) HK\$'000	31 December 2021 (audited) HK\$'000	30 June 2022 (unaudited) HK\$'000	31 December 2021 (audited) HK\$'000
Segment assets	153,846	119,820	13,530	7,803	228,583	435,272	15,584	7,369	411,543	570,264
Corporate and other unallocated assets									447,801	322,155
Total assets									859,344	892,419
Segment liabilities	120,550	119,553	2,396	357	65,857	70,065	45,217	38,295	234,020	228,270
Corporate and other unallocated liabilities									5,358	18,155
Total liabilities									239,378	246,425

Note: The restatement of comparative information is attributable to the discontinued operation and the reclassification of assets and liabilities attributable to the environmental hygiene segment as at 31 December 2021 from the property management segment.

(ii) Geographical information

The following table sets out information about the geographical location of the Group's revenue from external customers and the Group's assets. The geographical location of customers is based on the location at which the goods and services were sold or provided. The geographical location of the specified assets is based on the physical location of the assets or the location of the operations.

	Revenue from external customers		Non-current assets		Current assets		Total assets	
	For the six months ended 30 June 2022 (unaudited) HK\$'000		30 June 2022 (unaudited) HK\$'000	31 December 2021 (audited) HK\$'000	30 June 2022 (unaudited) HK\$'000	31 December 2021 (audited) HK\$'000	30 June 2022 (unaudited) HK\$'000	31 December 2021 (audited) HK\$'000
Hong Kong (place of domicile)	23,895	4,736	5,060	5,541	64,816	66,763	69,876	72,304
Mainland China	100,899	43,004	275,380	268,613	514,088	551,502	789,468	820,115
	124,794	47,740	280,440	274,154	578,904	618,265	859,344	892,419

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022
(expressed in HK\$ unless otherwise indicated)

4 Finance Costs

	For the six months ended 30 June	
	2022	2021
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
		(Restated)
Continuing operations		
Interest on lease liabilities	1,489	1
Interest on other borrowings	129	–
Net foreign exchange loss	2,311	–
	3,929	1

5 Profit/(Loss) before Taxation

Profit/(Loss) before taxation is stated after charging/(crediting):

	For the six months ended 30 June	
	2022	2021
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
		(Restated)
Continuing operations		
Staff costs (including Directors' emoluments):		
– salaries and other benefits	22,212	10,925
– retirement benefit scheme contributions	3,037	1,025
Total staff cost	25,249	11,950
Cost of inventories sold	20,545	6,554
Amortisation of intangible assets	11	311
Depreciation of:		
– owned property, plant and equipment	2,674	2,158
– right-of-use assets	1,300	626
Provision/(Reversal) of loss allowance on:		
– trade receivables	3,455	1,842
– other receivables	(5,940)	–

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022
(expressed in HK\$ unless otherwise indicated)

6 Income Tax

	For the six months ended 30 June	
	2022 (unaudited) HK\$'000	2021 (unaudited) HK\$'000 (Restated)
Continuing operations		
Current tax		
PRC Enterprise Income Tax	1,832	201
Deferred tax		
Reversal of temporary differences	(420)	-
Total income tax expenses	1,412	201

Notes:

- (i) Hong Kong Profits Tax has not been provided as the Group did not have assessable profits subject to Hong Kong Profits Tax during the Period and the six months ended 30 June 2021.
- (ii) The Group's entities established in the Cayman Islands and the British Virgin Islands are exempted from income tax.
- (iii) The People's Republic of China (the "PRC") Enterprise Income Tax in respect of operations in the PRC is calculated at a rate of 25% (six months ended 30 June 2021: 25%) on the estimated assessable profits for the Period based on existing legislation, interpretations and practices in respect thereof.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022
(expressed in HK\$ unless otherwise indicated)

7 Earning/(Loss) per Share

The calculation of the basic earning/(loss) per share is based on profit/(loss) for the periods attributable to the equity holders of the Company and the weighted average number of ordinary shares in issue during the periods as follows:

Profit/(loss) for the period for the purpose of basic earning/(loss) per share

	For the six months ended 30 June	
	2022	2021
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Continuing operations		
Profit/(loss) for the period attributable to the equity holders of the Company	3,203	(8,235)
Distribution paid to the holders of perpetual convertible securities	(7,937)	–
Accrued distribution to the holders of perpetual convertible securities	(2,452)	(5,155)
Loss for the period for the purpose of basic loss per share	(7,186)	(13,390)
Discontinued operation		
Profit for the period for the purpose of basic earning per share	–	5,671

Weighted average number of ordinary shares

	For the six months ended 30 June	
	2022	2021
	(unaudited)	(unaudited)
	'000	'000
Weighted average number of ordinary shares for the purpose of basic earning/(loss) per share	12,922,075	12,922,075

Diluted earning/(loss) per share for the Period and the six months ended 30 June 2021 are the same as the basic earning/(loss) per share as the perpetual convertible securities at the end of the respective reporting periods had an anti-dilutive effect on the basic earning/(loss) per share.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022
(expressed in HK\$ unless otherwise indicated)

8 Trade Receivables

	30 June 2022 (unaudited) HK\$'000	31 December 2021 (audited) HK\$'000
Trade receivables		
– Related parties	56,263	32,265
– Third parties	16,206	6,780
	72,469	39,045
Less: Loss allowance	(13,072)	(8,438)
	59,397	30,607

For trade receivables from property management services to third parties, the Group charges property management fees on an annual or a semi-annual basis and the payment is generally due upon the issuance of demand notes. The Group's other trade receivables are due within 14 to 90 days (31 December 2021: 14 to 90 days) from the date of billing.

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

	30 June 2022 (unaudited) HK\$'000	31 December 2021 (audited) HK\$'000
Within 90 days	29,908	20,550
91 to 180 days	20,587	6,541
181 to 365 days	8,902	3,516
	59,397	30,607

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022
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9 Trade Payables

	30 June 2022 (unaudited) HK\$'000	31 December 2021 (audited) HK\$'000
Trade payables		
– Related party (note (i))	15,434	10,256
– Third parties (note (ii))	21,904	20,922
	37,338	31,178

Notes:

- (i) Trade payables due to a non-controlling shareholder of a subsidiary are repayable within 40 days from the date of billing.
- (ii) All trade payables are expected to be settled within one year or are repayable on demand.

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

	30 June 2022 (unaudited) HK\$'000	31 December 2021 (audited) HK\$'000
Within 90 days	22,830	18,962
91 to 180 days	2,637	3,052
181 to 365 days	11,871	9,164
	37,338	31,178

10 Share Capital

	30 June 2022		31 December 2021	
	Number of ordinary shares (unaudited) '000	(unaudited) HK\$'000	Number of ordinary shares (audited) '000	(audited) HK\$'000
Authorised:				
Ordinary share at HK\$0.005 each	20,000,000	100,000	20,000,000	100,000
Issued and fully paid:				
Ordinary share at HK\$0.005 each	12,922,075	64,610	12,922,075	64,610

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022
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11 Interim Dividend

The Board does not recommend the payment of any interim dividend for the Period (six months ended 30 June 2021: nil).

12 Perpetual Convertible Securities

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

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

The PCS have no fixed maturity dates. The Company may at its option redeem in whole or in part of the PCS. The PCS are convertible at the option of the holders into ordinary shares in the Company on a one-to-one ratio at the conversion price of HK\$0.5436 and HK\$0.128 per ordinary share of the Company for the 2016 March PCS and the 2016 October PCS, respectively.

Distributions at a rate of 6% per annum shall be payable on the PCS semi-annually and may be deferred at the sole discretion of the Company unless compulsory distribution payment events (including a discretionary dividend to ordinary shareholders of the Company or repaying any securities of lower rank or early redemption of securities prior to its stated maturity) has occurred.

At 30 June 2022 and 31 December 2021, there were 2,066,942,901 units of the 2016 October PCS in an aggregate principal amount of approximately HK\$264,569,000 outstanding.

On 20 May 2019, 183,958,793 units of the 2016 March PCS have been redeemed by the Company at the total amount of HK\$100,000,000. At 30 June 2022 and 31 December 2021, there were 128,771,155 units of the 2016 March PCS in an aggregate principal amount of HK\$70,000,000 outstanding.

On 8 March 2021, the Company announced to cancel the distribution to holders of the 2016 October PCS, which was originally scheduled to be made on 24 April 2021 at the distribution rate of 6% per annum. In respect of the distributions in the second half of 2021 and the first half of 2022, on 25 October 2021 and 25 April 2022, the Company paid out distributions of approximately HK\$7,937,000 and approximately HK\$7,937,000 to the holders respectively.

In respect of the accumulated distributions of approximately HK\$12,730,000 to the holder of 2016 March PCS which were originally scheduled to be made on 30 September 2019, 30 March 2020, 30 September 2020, 30 March 2021, 30 September 2021 and 30 March 2022 at the distribution rate of 6% per annum, the Company has postponed such distributions.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022
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13 Capital Commitment

As at 30 June 2022, the Group had capital commitment relating to the investment in an equity security of approximately HK\$17,548,000 (31 December 2021: approximately HK\$18,346,000).

14 Material Related Party Transactions

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors and certain of the highest paid employees, is as follows:

	For the six months ended 30 June	
	2022 (unaudited) HK\$'000	2021 (unaudited) HK\$'000
Short-term employee benefits	3,787	2,359
Post-employment benefits	36	27
	3,823	2,386

(b) Other related party transactions

The Group had the following material transactions with related parties during the six months ended 30 June 2022 and 2021:

	Notes	For the six months ended 30 June	
		2022 (unaudited) HK\$'000	2021 (unaudited) HK\$'000
<i>Transactions with companies controlled by the ultimate controlling shareholder of the Company:</i>			
(Decrease)/increase in advances from related parties	(i)	(1)	1,933
Payment of consideration for the acquisition of commercial units	(ii), (iii)	26,762	-
Marketing, event planning and consulting services	(ii)	7,612	16,342
Property management services	(ii)	4,186	1,151
Commercial properties and merchants management services	(ii)	20,408	-
Rental expenses	(i)	-	33
<i>Transactions with non-controlling shareholders of subsidiaries:</i>			
Purchase of air tickets	(ii)	19,489	4,023
Management service fee	(ii)	120	120
Provision of environmental hygiene services	(i)	11,708	-
Increase in borrowings from a non-controlling shareholder of a subsidiary	(i)	1,257	-

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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14 Material Related Party Transactions (*continued*)

(b) Other related party transactions (*continued*)

Notes:

- (i) These related party transactions constitute exempted connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.
- (ii) These related party transactions constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.
- (iii) Pursuant to the sale and purchase agreements (pre-sale) all dated 20 January 2022 (as supplemented on 20 January 2022) entered into between Hebei Qifuqianye Real Estate Development Co., Ltd.* (河北祈福乾悅房地產開發有限公司) (“Qifuqianye”, which is owned as to 51% by OVPD (which is wholly-owned by Mr. Shi)) and Shijiazhuang Dongsheng Property Management Services Company Limited* (石家莊市東勝物業服務有限公司) (“Dongsheng PMS”, a wholly-owned subsidiary of the Company), Dongsheng PMS agreed to acquire, and Qifuqianye agreed to sell, 47 commercial units with an estimated aggregate gross floor area of approximately 2,563 square meters located at 17th Floor and 18th Floor, building no. 1, Zijingyuehe Centre (South zone), 2 Fengya Road, Changan District, Shijiazhuang City, Hebei Province, the PRC* (中國河北省石家莊市長安區豐雅路2號紫晶悅和中心南區), for a total consideration of RMB22,876,305 (equivalent to approximately HK\$26,762,000). Further details of the acquisition are set out in the Company’s announcements dated 20 January 2022 and 21 January 2022. The consideration was settled during the six months ended 30 June 2022.

15 Fair Value Measurement of Financial Instruments

Management has assessed that the fair value of cash and cash equivalents, restricted bank deposits, trade receivables, advances to an associate, financial assets included in prepayments, deposits and other receivables, trade payables, and financial liabilities included in other payables and accruals approximates to their carrying amounts largely due to the short-term maturities of these instruments.

Lease liabilities have been measured at fair value at initial recognition and subsequently measured at amortised cost using the effective interest method. Management has assessed that the fair value of lease liabilities approximates to the carrying amount.

16 Event after the Reporting Period

On 22 August 2022, Sleek City Limited, a wholly-owned subsidiary of the Company, entered into a share transfer agreement with Four Seas Travel (BVI) Limited, a then connected person of the Company at the subsidiary level, to dispose of its 65% interest in Four Seas Tours Limited, a 65%-owned subsidiary of the Company (the “Disposal”), at a nominal value of HK\$1. As at the date of this report, the Disposal has not completed yet. Further details of the Disposal are set out in the Company’s announcement dated 22 August 2022.

* for identification purpose only