



東勝旅遊

ORIENT VICTORY TRAVEL

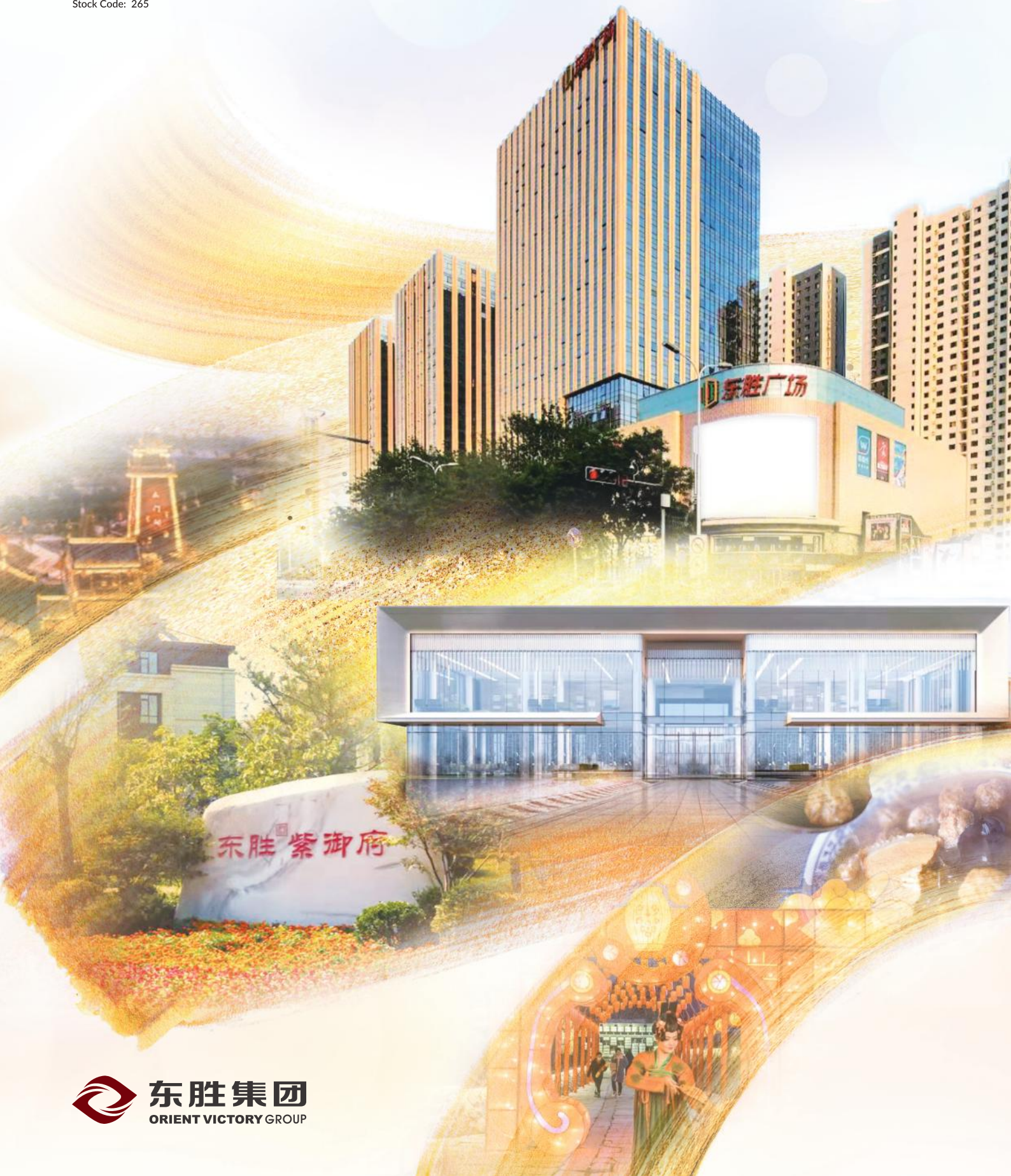
ORIENT VICTORY TRAVEL GROUP COMPANY LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 265

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ANNUAL
REPORT

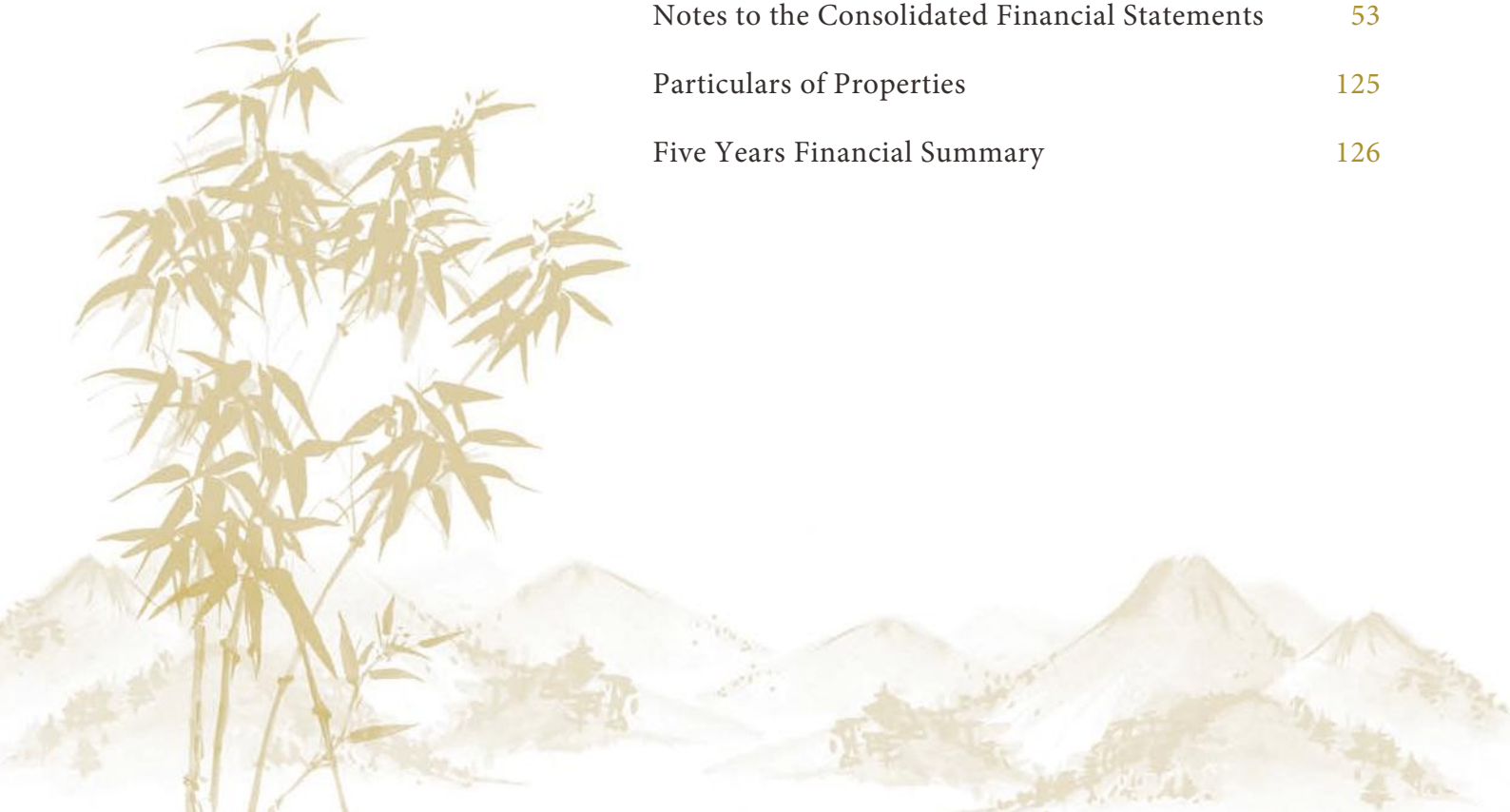


东胜集团

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 Director

Ms. Song Sining

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. Song Sining

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. Ip Pui Sum (resigned on 15 January 2021)
Mr. Liu Kin Wai (appointed on 15 January 2021)

INDEPENDENT AUDITORS

KPMG
Public Interest Entity Auditor
registered in accordance with
the Financial Reporting Council Ordinance
8/F Prince's Building
10 Chater Road
Central
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

COMPANY'S WEBSITE

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

CHAIRMAN'S STATEMENT

Dear shareholders,

On behalf of the board (the "Board") of directors (the "Director(s)") of Orient Victory Travel Group Company Limited (the "Company", together with its subsidiaries the "Group"), I am pleased to present the annual report (the "Annual Report") of the Company for the year ended 31 December 2021 (the "Year").

INDUSTRY OVERVIEW, BUSINESS STRATEGY AND OUTLOOK

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

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

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



CHAIRMAN'S STATEMENT

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

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

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

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

In addition to the acquisitions of Dongsheng PMS and Kinyoun International, Orient Victory Property Development Group Co., Ltd.* ("OVPD", 東勝房地產開發集團有限公司), one of the Group's controlling Shareholders, which, alongside its subsidiaries, are principally engaged in the real estate development in the PRC, provided to the Group new business opportunities in relation to the property management services for their real estate projects. On 1 December 2021, the Company and OVPD entered into a framework agreement, pursuant to which, OVPD agreed to appoint the Group for the provision of the property management services and the commercial properties and merchants management services for a term commencing on 1 December 2021 and ending on 31 December 2023, providing for the Group further expansion on property management businesses. The services constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules and the independent Shareholders had approved the respective framework agreement and transactions contemplated thereunder by way of poll at the extraordinary general meeting dated 16 March 2022.

Further, the Group has been exploring business opportunities in environmental hygiene industry, and secured an environmental hygiene service project in Zhangjiakou City, Hebei Province, the PRC in the fourth quarter in 2021. Revenue of approximately HK\$2.2 million (2020: nil) was recognised during the Year.

CHAIRMAN'S STATEMENT

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

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

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

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

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

APPRECIATION

On behalf of the Board, I wish to express my sincere gratitude to the shareholders of the Company and business partners of the Group for their continuous support, as well as to each member of the Board, management and all our staff members for their diligence, devotions and contributions.

Shi Baodong
Chairman

Hong Kong, 30 March 2022

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Property Management Businesses

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

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

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

Integrated Development Businesses

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

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

Besides, pursuant to an agreement dated 28 October 2021 entered into between the Group and a local government authority, a piece of land in Shijiazhuang, the PRC with an aggregate area of approximately 21,647 square meters, which was recognised as inventories in the consolidated financial statements as at 31 December 2020 in the carrying amount of approximately HK\$102.3 million, was returned to the local government during the Year for the consideration of approximately HK\$102.2 million. Proceeds of HK\$30.6 million was received during the Year and a further HK\$24.5 million was received up to the date of this Annual Report in 2022.

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

Diversified Tourism Products and Services Businesses

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

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

Investment Holding Business

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



MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS

Operating Performance

a. Continuing operations

Analysis by nature of revenue:

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

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

Gross profit

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

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

Loss for the Year from continuing operations

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

b. Discontinued operations

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

Assets Structure

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

- i. Property, plant and equipment of approximately HK\$137.9 million (2020: approximately HK\$131.4 million) as at 31 December 2021 mainly represented properties and other equipment of the tourist attraction and cultural spot owned by Tu Men Travel in the net carrying amount of approximately HK\$129.1 million (2020: approximately HK\$128.9 million).
- ii. Investment properties of approximately HK\$100.6 million (2020: approximately HK\$139.4 million) as at 31 December 2021 represented fair values of the right-of-use assets of non-residential properties located in Shijiazhuang and Xingtai, Hebei Province, the PRC leased by Dongsheng PMS and subsidiaries of Kinyoun International from property owners to earn rentals of approximately HK\$100.6 million (2020: nil). The decrease in total balance of investment properties was attributable to the net effect of the recognition of the above-mentioned right-of-use-assets and the deconsolidation of the piece of land of Dakun Zhifang in the carrying amount of approximately HK\$139.4 million recognised as investment properties as at 31 December 2020 from 3 September 2021, details of which are set out in the section headed "Integrated Development Businesses" under "Business Review" in "Management Discussion and Analysis".
- iii. Interest in an associate of approximately HK\$32.9 million (2020: nil) as at 31 December 2021 represented the Group's 40% equity interest in Dakun Zhifang, which ceased to be the Group's subsidiary and became the Group's associate since 3 September 2021, details of which are set out in the section headed "Integrated Development Businesses" under "Business Review" in "Management Discussion and Analysis".
- iv. Inventories of approximately HK\$16.4 million (2020: approximately HK\$214.6 million) as at 31 December 2021 mainly represented carrying amount of the piece of land in Shijiazhuang, the PRC with an aggregate area of 14,637 square meters under planning stage of approximately HK\$15.8 million (2020: approximately HK\$15.0 million). The decrease in total balance of inventories was mainly attributable to (1) the return of the piece of land in Shijiazhuang, the PRC with an aggregate area of approximately 21,647 square meters in the carrying amount of approximately HK\$102.3 million as at 31 December 2020, details of which are set out in the section headed "Integrated Development Businesses" under "Business Review" in "Management Discussion and Analysis"; and (2) the deconsolidation of the piece of land of Dakun Zhifang in the carrying amount of approximately HK\$96.9 million recognised as inventories as at 31 December 2020 from 3 September 2021, details of which are set out in the section headed "Integrated Development Businesses" under "Business Review" in "Management Discussion and Analysis".
- v. Trade receivables of approximately HK\$30.6 million (2020: approximately HK\$19.7 million) as at 31 December 2021 were mainly derived from the marketing, event planning and consulting services under the integrated development segment of approximately HK\$11.7 million (2020: approximately HK\$18.9 million) and the property management businesses of approximately HK\$14.2 million (2020: nil). The increase in trade receivables was mainly attributable to the combined effect of the collection of trade receivables and the acquisition of Dongsheng PMS during the Year.
- vi. Prepayments, deposits and other receivables and advances to an associate of approximately HK\$314.6 million (2020: approximately HK\$109.7 million) as at 31 December 2021 mainly represented (1) receivables of approximately HK\$73.4 million (2020: nil) for the return of the piece of land in Shijiazhuang, the PRC with an aggregate area of approximately 21,647 square meters as detailed in the section headed "Integrated Development Businesses" under "Business Review" in "Management Discussion and Analysis"; (2) loans to certain independent third parties of the Company in an aggregate amount of approximately HK\$61.2 million (2020: nil) which were subsequently settled on 4 January 2022; and (3) the Advances of approximately HK\$153.9 million (2020: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

- vii. Restricted bank deposits and cash and cash equivalents were approximately HK\$256.6 million (2020: approximately HK\$181.5 million) as at 31 December 2021. The increase was mainly attributable to the combined effect of (1) the receipt of consideration for the disposal of the remaining portion of the piece of land located in New Zealand of approximately HK\$56.5 million; (2) the receipt of certain refundable prepayments for investments of approximately HK\$81.5 million; and (3) loans provided to certain independent third parties of the Company in an aggregate amount of approximately HK\$61.2 million.
- viii. Assets held for sale as at 31 December 2020 represented the remaining portion of the piece of land located in New Zealand as detailed in section headed “Integrated Development Businesses” under “Business Review” in “Management Discussion and Analysis”, which was disposed of in May 2021.

Liabilities Structure

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

- i. Trade payables and contract liabilities were approximately HK\$65.0 million (2020: approximately HK\$36.4 million) as at 31 December 2021. The increase was mainly attributable to the acquisitions of Dongsheng PMS and Kinyoun International, resulting in an increase in receipts in advance from customers from property management businesses by approximately HK\$25.6 million in aggregate as compared to 31 December 2020.
- ii. Other payables and accruals of approximately HK\$94.0 million (2020: approximately HK\$92.6 million) as at 31 December 2021 mainly consisted of consideration payable regarding the acquisition of Tu Men Travel of approximately HK\$32.0 million (2020: approximately HK\$37.7 million), and land and construction costs payable of approximately HK\$10.7 million (2020: approximately HK\$21.9 million).
- iii. Lease liabilities of approximately HK\$71.5 million (2020: approximately HK\$2.2 million) as at 31 December 2021 mainly comprised lease liabilities of the right-of-use assets of non-residential properties located in Shijiazhuang and Xingtai, Hebei Province, the PRC leased by Dongsheng PMS and subsidiaries of Kinyoun International from property owners to earn rentals of approximately HK\$67.3 million (2020: nil).

LIQUIDITY AND FINANCIAL RESOURCES

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

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

FOREIGN EXCHANGE EXPOSURE

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

MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL COMMITMENT

As at 31 December 2021, the Group had capital commitment relating to the investment in an equity security of approximately HK\$18.3 million (2020: the investments in equity securities and developments of investment properties of approximately HK\$419.6 million in aggregate).

MATERIAL ACQUISITION, INVESTMENTS AND DISPOSAL

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

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

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

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

PLEDGE OF ASSETS

As at 31 December 2021 and 31 December 2020, the Group pledged the entire equity interest in Hua Yu New Life Services (Shenzhen) Company Limited* (華譽新生活服務(深圳)有限公司), an indirect wholly-owned subsidiary of the Company, and the entire issued share capital of Donghui Hong Kong Holdings Limited, an indirect wholly-owned subsidiary of the Company, to secure the issue of the perpetual convertible securities issued on 30 March 2016 with an aggregate principal amount of approximately HK\$70.0 million, details of which are set out in the Company's announcement dated 30 March 2016 and the Company's circular dated 29 January 2016.

MATERIAL CONTINGENT LIABILITIES

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

NUMBER AND REMUNERATION OF EMPLOYEES

As at 31 December 2021, the total number of employees of the Group was approximately 680 (2020: approximately 190). Staff costs (including Directors' emoluments) of approximately HK\$22.6 million (2020: approximately HK\$30.0 million (restated)) were incurred during the Year.

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

MANAGEMENT DISCUSSION AND ANALYSIS

FINAL DIVIDEND

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

EVENTS AFTER THE REPORTING PERIOD

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

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

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

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

Pursuant to the sale and purchase agreements (pre-sale) all dated 20 January 2022 (as supplemented on 20 January 2022) entered into between Hebei Qifuqianyue Real Estate Development Co., Ltd.* (河北祈福乾悅房地產開發有限公司) ("Qifuqianyue", which is owned as to 51% by OVPD (which is wholly-owned by Mr. Shi)) and Dongsheng PMS, Dongsheng PMS agreed to acquire, and Qifuqianyue agreed to sell, 47 commercial units with an estimated aggregate gross floor area of approximately 2,563 square meters located at 17th Floor and 18th Floor, building no. 1, Zijingyuehe Centre (South zone), 2 Fengya Road, Changan District, Shijiazhuang City, Hebei Province, the PRC* (中國河北省石家莊市長安區豐雅路2號紫晶悅和中心南區), for a total consideration of RMB22,876,305 (equivalent to approximately HK\$27,980,000). Up to the date of this Annual Report, Qifuqianyue had completed the filing procedures (i.e. the online signing and record uploaded) of the sale and purchase agreements and Dongsheng PMS had settled the consideration.

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

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Mr. Shi Baodong (“Mr. Shi”)

Chairman, Executive Director and Chief Executive Officer

Mr. Shi, aged 53, was appointed as the chairman of the Company and an executive Director in September 2014, and the chief executive officer of the Company on 11 May 2018. Mr. Shi is the chairman of the nomination committee of the Company (the “Nomination Committee”) and a member of the remuneration committee of the Company (the “Remuneration Committee”). Mr. Shi graduated from the Hebei University of Architecture in 1989. He has over 22 years of experience in properties development and is a qualified engineer in the PRC.

Mr. Shi is the founder of OVPD and its subsidiaries, which were established since 1999 and are principally engaged in the urban renewal business with seven core strategic focuses, including the real estate, commerce, properties, health care, scenic spots, tourism and education, covering the fields of tourism, health and education. Mr. Shi is the founder, shareholder and chairman of Orient Victory Cultural Tourism Group Co., Limited* (東勝文化旅遊集團有限公司), which is principally engaged in the provision of tourism services and the operation and management businesses for scenic spots in the PRC, and including the developments of ecological agriculture, elderly care and sports-related projects, and the businesses of properties development, properties management services and leasing related services.

Mr. Shi is the director of Orient Victory Group HK Holdings Limited, chairman of OVPD, chairman of Orient Victory Cultural Tourism Group Co., Limited* (東勝文化旅遊集團有限公司), chairman of Comfort Cultural Tourism Industry Group Co., Ltd.* (康輝文化旅遊產業集團股份有限公司) and vice chairman of China Comfort. In addition, Mr. Shi is the honorary vice chairman of China Real Estate Industry Association, chairman of Shijiazhuang City Real Estate Industry Association* (石家莊市房地產業協會) and vice president of Chinese Rowing Association.

Mr. Mo Yueming (“Mr. Mo”)

Executive Director

Mr. Mo, aged 57, was appointed as an executive Director on 2 May 2018. Mr. Mo holds a degree of Executive Master of Business Administration from the HEC school of Management in Paris, France, a Master’s degree in Business in Economics (商業經濟學) from the Chinese Academy of Social Sciences (中國社會科學院) and a Bachelor’s degree in Accounting from Beijing Institute of Business* (北京商學院).

Mr. Mo has over 20 years of experience in accounting and corporate management of the tourism industry and other industries, including working as the vice general manager and Chief Accountant of China Pan Travel Industry Development Co., Ltd.* (中國泛旅實業發展股份有限公司) (now known as China Spacesat Co., Ltd. (中國天地衛星股份有限公司) (“China Spacesat”)), a company listed on the Shanghai Stock Exchange with stock code 600118 and Mr. Mo has been a director of China Spacesat since June 2001; Mr. Mo has been a director of Zhejiang Yongfeng Environmental Sci&tech Co., Ltd. (浙江永峰環保科技股份有限公司), a company listed on National Equities Exchange and Quotations with stock code 838806 since 23 February 2016 for a term from 23 February 2016 to 22 February 2019; and the senior vice president of Orient Landscape Holdings Co., Ltd.* (東方園林股份有限公司) and the Chief Operating Officer of Orient Brigade Group* (東方文旅集團) from 28 April 2017 to 27 November 2017. Besides, Mr. Mo was the president of Orient Victory Culture & Travel Group* (東勝文化旅遊集團) that was controlled by Mr. Shi, and Comfort Cultural Tourism Industry Group Co., Ltd.* (康輝文化旅遊產業集團股份有限公司), of which China Comfort is the largest equity holder, from March 2018 to March 2019.

Mr. Mo currently serves as a co-vice chairman of Orient Victory Group* (東勝集團) that was controlled by Mr. Shi and has been a director of China Comfort since April 2018. Further, since 2020, Mr. Mo serves as the chairman of Beijing Dora Aimeng Travel Development Holding Co., Ltd.* (北京朵拉愛萌旅遊開發股份有限公司) and Beijing Dongfu Petroleum Technology Co., Ltd.* (北京東孚石油科技有限公司).

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Zhao Huining (“Mr. Zhao”)

Executive Director

Mr. Zhao, aged 54, was appointed as an executive Director on 16 June 2017. Mr. Zhao was the chief executive officer of the Company and a member of the Remuneration Committee and the Nomination Committee, and resigned on 11 May 2018 and 24 August 2018 respectively. Mr. Zhao graduated from the Transportation Management and Engineering Department (運輸管理工程系) of Northern Jiaotong University (北方交通大學), majoring in traffic and transportation* (交通運輸專業) in 1990. In 2004, Mr. Zhao obtained a master degree of Arts from Flinders University of South Australia in International Relations in Economy and Trade which were jointly offered by Nankai University (南開大學) and Flinders University of South Australia, and graduated from Yanshan University (燕山大學) with a doctor’s degree in management science and engineering (管理科學與工程) in 2014. Mr. Zhao was conferred the title of senior economist qualification in PRC in 2002.

Mr. Zhao has extensive working experiences, including working as a staff member in Project Evaluation Division of Mechanical and Electrical Equipment Tendering Bureau of Hebei Province* (河北省機電設備招標局專案評估處) from 1990 to 1992; staff member and senior staff member of the Traffic, Post and Telecommunications Division of Hebei Provincial Economic and Trade Commission* (河北省經貿委交通郵電處) from 1992 to 1997; deputy director of Beijing office of Hebei Provincial Economic and Trade Commission* (河北省經貿委北京辦事處) from 1997 to 1998; deputy director of Foreign Economic Relations Division of Hebei Provincial Economic and Trade Commission* (河北省經貿委外經處) (“HPETC”) from 1998 to 2000; deputy director of the office of HPETC and director of Beijing office of HPETC from 2000 to 2001 successively; legal representative, executive director and general manager of Hebei Economic and Trade Investment Co., Ltd.* (河北省經濟貿易投資有限公司) from 2001 to 2005 successively; legal representative, executive director, general manager and secretary of Party Committee of Hebei Information Industry Investment Co., Ltd.* (河北省資訊產業投資有限公司) from 2005 to 2009 successively. He was elected as the vice chairman of the tenth session of the committee of Hebei Youth League* (河北省青年聯合會) in December 2009. From 2009 to 2014, Mr. Zhao worked in Hebei Construction & Investment Group Co., Ltd* (河北建設投資集團有限責任公司) with last position as chairman and secretary for the Party Committee. He was also the chairman and president of Gaokang Capital Investment Management Co., Ltd (高康資本投資管理有限公司), a subsidiary of China Energy Conservation and Environmental Protection Group* (中國節能環保集團) from 2014 to 2016. Mr. Zhao is currently a director and the president of China Culture Industry Investment Fund Management Co., Ltd (中國旅遊文化產業投資基金管理公司), a subsidiary of the Group.

Ms. Song Sining (“Ms. Song”)

Non-executive Director

Ms. Song, aged 44, was appointed as a non-executive Director on 16 June 2017. Ms. Song is a member of the audit committee of the Company (the “Audit Committee”). Ms. Song graduated from the Philosophy Department (哲學系) of Hebei University in Public Relation (公關專業) in 1997. She graduated from the Correspondence College of the Central School of Communist Party of China* (中央黨校函授學院) in 2000, majoring in economic management (經濟管理專業). She completed a practical training course in real estate (實戰型房地產研修班) provided by Peking University in 2015. Ms. Song served as a senior management in other real estate companies for more than 15 years. She is currently a vice president of OVPD, a company indirectly wholly-owned by Mr. Shi.

Mr. Dong Xiaojie (“Mr. Dong”)

Independent non-executive Director

Mr. Dong, aged 59, was appointed as an independent non-executive Director in September 2014, Mr. Dong is the chairman of the Remuneration Committee. Mr. Dong graduated from the Hebei Normal University, majoring in mathematics in 1984. Mr. Dong was the chairman of Hebei Shengyuan Asset Management Consulting Co., Ltd.* (河北盛元資產管理諮詢有限公司) for the period from April 2005 to October 2010. Moreover, he was the chairman of Beijing Old Street Shengyuan Venture Capital Management Co., Ltd.* (北京老街盛元創業投資管理有限公司) for the period from April 2010 to September 2014. For the period from February 2015 to August 2016, Mr. Dong was a director of Robyn Hode Capital Limited. He is the president of Zhangjiakou Financial Holding Group Co., Ltd.* (張家口金融控股集團有限公司) since July 2016.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Mr. He Qi (“Mr. He”)

Independent non-executive Director

Mr. He, aged 66, was appointed as an independent non-executive Director in September 2014. Mr. He is a member of the Audit Committee and the Nomination Committee. Mr. He has been an independent non-executive director of China Merchants Land Limited, a company listed on the Stock Exchange (stock code: 978), since 2013. He has also been an independent non-executive director of China Evergrande Group, a company listed on the Stock Exchange (stock code: 3333), since 2009. Mr. He was the deputy secretary of China Real Estate Association for the period from 2006 to 2016. Mr. He is currently a secretary of Real Estate in Distribution and Rental Committee of China Real Estate Association.

Mr. Suei Feng-jih (“Mr. Suei”)

Independent non-executive Director

Mr. Suei, aged 53, was appointed as an independent non-executive Director on 25 June 2018. Mr. Suei is the chairman of the Audit Committee and a member of the Nomination Committee and the Remuneration Committee. Mr. Suei graduated from National Cheng-Chi University (國立政治大學), Taiwan with a Bachelor degree of Science in Banking in June 1993. In June 2005, he was awarded the Executive Master of Business Administration in Finance from National Central University (國立中央大學), Taiwan and was further awarded the Master of Business Administration from University of Glasgow, the United Kingdom in September 2006.

Mr. Suei has extensive experience in finance industry. He is licensed to carry on type 1 (dealing in securities) and type 9 (asset management) regulated activities under the SFO. From July 2019, he serves as a general manager of ZJKF Securities Investment (Hong Kong) Limited. Moreover, Mr. Suei was a director of ACF International Insurance Broker Co., Limited for the period from August 2016 to February 2019. During the period from November 2009 to April 2010, Mr. Suei was the Head of Product Team, of Wealth Management at Taishin International Bank Co., Ltd (Hong Kong). During the period from September 2010 to June 2019, Mr. Suei was a responsible officer of Pamirs Capital (H.K.) Limited and in charge of the supervision of type 1 (dealing in securities), type 4 (advising on securities) and type 9 (asset management) regulated activities. Before that, from April 2007 to November 2009, he worked for KGI Wealth Management Limited with his last position as a responsible officer for type 1 (dealing in securities), type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO. Besides, Mr. Suei worked at the trust division of Taipei Fubon Bank as assistant vice president during the period from October 2001 to December 2006.

SENIOR MANAGEMENT

Mr. Liu Kin Wai (“Mr. Liu”)

Chief Financial Officer and Company Secretary

Mr. Liu, age 40, was appointed as the chief financial officer of the Company in December 2019 and the company secretary of the Company in January 2021. He obtained his bachelor’s degree in Accounting from City University of Hong Kong in November 2003 and completed China Environmental Industry Senior Manager Training Programme (中國環境產業高級經理人研修班) organised by Tsinghua University (清華大學) in December 2016. Mr. Liu has been a member of the Hong Kong Institute of Certified Public Accountants and a certified public accountant since 2008 and has more than 15 years of experience in assurance services and financial, capital management and company secretarial works. From 2004 to 2015, he had worked in an international assurance firm with last position as a senior manager. From May 2015 to September 2016, he had served as a senior manager of Beijing Enterprises Water Group Limited (stock code: 371), a company listed on the Stock Exchange and from September 2016 to September 2019, he had served as the chief financial officer and company secretary of Beijing Enterprises Clean Energy Group Limited (stock code: 1250), a company listed on the Stock Exchange. In addition, Mr. Liu has been appointed as an independent non-executive director of Bright Future Technology Holdings Limited (stock code: 1351), a company listed on the Stock Exchange, with effect from 11 November 2020.

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

REPORT OF THE DIRECTORS

The Board hereby presents the Report of the Directors and the audited consolidated financial statements of the Group for the Year.

PRINCIPAL ACTIVITIES

During the Year, the Company was an investment holding company and its subsidiaries were principally engaged in the property management and leasing services businesses for residential and commercial properties, the diversified tourism products and services businesses and the integrated development businesses.

FAIR REVIEW OF BUSINESS

The business review of the Group for the Year as required under Schedule 5 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), including a review of the business and a description of the principal risks and uncertainties facing the Group, particulars of important events affecting the Group that have been occurred since the end of financial year 2021 and an indication of likely future development in the Group's business are set out in the Chairman's Statement and the Management Discussion and Analysis from pages 4 to 6 and pages 7 to 15 of this Annual Report respectively. These discussions form part of this report of the Directors.

COMPLIANCE WITH LAWS AND REGULATIONS

As far as the Board is aware, the Group had complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group.

FINANCIAL RESULTS

The results of the Group for the Year are set out in the consolidated statement of profit or loss on page 45 of this Annual Report.

DIVIDEND POLICY

The declaration, form, frequency and amount of any dividend payout of the Company must be in accordance with relevant laws, rules and regulations and subject to the articles of association of the Company (the "Articles of Association").

Provided there are distributable profits and without affecting the operations of the Group, the Company may consider to declare and pay dividends to the shareholders (the "Shareholders") of the Company. In deciding whether to propose a dividend and in determining the dividend amount, the Board shall take into account, including but not limited to: (i) the general financial condition of the Group; (ii) working capital and debt level of the Group; (iii) future cash requirements and availability for business operations, business strategies and future development needs; (iv) any restrictions on payment of dividends that may be imposed by the Group's lenders; (v) the general market conditions; and (vi) any other factors that the Board deems appropriate.

The payment of the dividend by the Company is also subject to any restrictions under the Companies Law of the Cayman Islands and the Articles of Association.

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

FIVE YEARS FINANCIAL SUMMARY

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the audited consolidated financial statements and restated/reclassified as appropriate, is set out on page 126 of this Annual Report.



REPORT OF THE DIRECTORS

INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT

Details of movements in the investment properties and property, plant and equipment of the Group during the Year are set out in note 13 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the Year are set out in note 30(b) to the consolidated financial statements.

PERPETUAL CONVERTIBLE SECURITIES

Details of the perpetual convertible securities of the Company during the Year are set out in note 31 to the consolidated financial statements.

EQUITY-LINKED AGREEMENTS

For the Year, save as disclosed in this Annual Report, the Company has not entered into any equity-linked agreement.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association or the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands where the Company was incorporated, which would oblige the Company to offer new shares on a pro rata basis to existing Shareholders.

RESERVES

Details of movements in the reserves of the Company and the Group during the Year are set out in note 30(a) to the consolidated financial statements and on page 50 in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES OF THE COMPANY

The aggregate amount of reserves available for distribution to equity shareholders of the Company as at 31 December 2021 amounted to approximately HK\$236,869,000 (2020: approximately HK\$246,907,000), calculated in accordance with the provisions of the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

MAJOR CUSTOMERS AND SUPPLIERS

During the Year, the purchase from the Group's five largest suppliers accounted for approximately 35% of the total purchases and purchase from the largest supplier included therein accounted for approximately 12% of the total purchases. The revenue of the Group's five largest customers accounted for approximately 34% of the total revenue and the revenue of the largest customer included therein accounted for approximately 29% of the total revenue. During the Year and for the year ended 31 December 2020, revenue from the largest customer represents the aggregate revenue derived from companies controlled by the ultimate controlling Shareholder.

Save as the aforementioned, none of our Directors or any of their respective close associates or, any Shareholder (so far as our Directors were aware, who owned 5% or more of our issued share capital as at 31 December 2021), had any interest in any of our five largest suppliers or our five largest customers in 2020 and 2021.

DIRECTORS

The Directors during the Year and up to the date of this Annual Report were:

Executive Directors:

Mr. Shi Baodong (*Chairman and Chief Executive Officer*)

Mr. Mo Yueming

Mr. Zhao Huining

Non-executive Director:

Ms. Song Sining

Independent Non-executive Directors:

Mr. Dong Xiaojie

Mr. He Qi

Mr. Suei Feng-jih

In accordance with Articles 116 of the Articles of Association, at each annual general meeting, one-third of the Directors for the time being (or, if such number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation, provided that every Director shall be subject to retirement at least once every three years at the annual general meeting. The Company's forthcoming circular for annual general meeting will contain the detailed information of the Directors standing for re-election.

Biographical details of the Directors are set out on pages 16 to 18 of this Annual Report.

CHANGES IN DIRECTORS' INFORMATION UNDER RULE 13.51B(1) OF THE LISTING RULES

Pursuant to Rule 13.51B(1) of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), the change of the information of the Directors is as follows:

On 24 December 2021, the Company and Mr. Shi entered into a new service agreement, pursuant to which Mr. Shi shall be entitled to a director's remuneration at the rate of HK\$3,000,000 per annum commencing on 1 January 2022.

Save as disclosed above, during the Year, there was no change to information which is required to be disclosed and has been disclosed by the Directors pursuant to paragraphs (a) to (e) and (g) of rule 13.51(2) of the Listing Rules.

DIRECTORS' INDEMNITY

Pursuant to Article 179 of the Articles of Association, every Director shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him as a Director in defending any proceedings, whether civil or criminal, in which judgement is given in his favour, or in which he is acquitted.



REPORT OF THE DIRECTORS

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules from each of the independent non-executive Directors and the Company considers such Directors to be independent since the date of their respective appointment date and as at the date of this Annual Report, the Company still considers the independent non-executive Directors to be independent.

DIRECTORS' SERVICE CONTRACTS AND LETTER OF APPOINTMENTS

None of the Directors has a service contract with the Company which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

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.

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS

Save as disclosed in this Annual Report, there was no contract of significance entered into between the Company or its holding companies or any of its subsidiaries and any controlling Shareholders or any of its subsidiaries for the Year.

For the Year, save as disclosed in this Annual Report, none of the Company or any of its subsidiaries has entered into any contract of significance for the provision of services by any controlling Shareholders or any of its subsidiaries.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in this Annual Report, none of the Directors or entities connected with the Directors had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the Year.

EMOLUMENT POLICY

The Remuneration Committee was set up for reviewing the Group's emolument policy and structure for all remuneration of the Directors and senior management of the Group, on the grounds of the Group's operating results, individual performance of the Directors and senior management and comparable market practices.

REPORT OF THE DIRECTORS

REMUNERATION OF DIRECTORS AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

Details of the emoluments of the Directors and five highest paid individuals are set out in notes 9 and 10 respectively to the consolidated financial statements in this Annual Report.

For the Year, Mr. Shi Baodong agreed to waive his Director's remuneration of HK\$1.92 million (2020: Mr. Shi Baodong and Mr. Zhao Huining agreed to waive their Director's remuneration of HK\$0.02 million and HK\$1.29 million respectively).

Save as disclosed above, during the Year, none of the Directors have waived their emoluments in relation to their services respectively.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2021, 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 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	10,035,751,816 (Note 1)	77.66%
	Beneficial owner	130,239,145 (Note 2)	1.01%
Mr. Dong Xiaojie	Beneficial owner	2,014,285	0.02%

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 10,035,751,816 shares of the Company held by OVRE under the SFO. The interests include the holding of (i) 7,844,262,880 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 31 December 2021.
3. The approximate percentage was calculated based on 12,922,075,516 Shares in issue as at 31 December 2021.

REPORT OF THE DIRECTORS

Save as disclosed above, as at 31 December 2021, 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.

DIRECTOR'S RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this Annual Report, at no time during the Year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company and any of its subsidiaries a party to any arrangement to enable the Directors, or their respective spouse or children under 18 years of age, to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2021, 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	10,035,751,816	77.66%
Outstanding Global Holdings Limited ("OGH") (Note 2)	Person having security interest in shares of the Company	6,501,273,713	50.31%
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%

Notes:

- OVRE is wholly-owned by Mr. Shi. The interests include the holding of (i) 7,844,262,880 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.
- 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). The 6,501,273,713 Shares, comprise security interest in 6,501,273,713 Shares pledged by OVRE.

REPORT OF THE DIRECTORS

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 31 December 2021.

Save as disclosed above, as at 31 December 2021, 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.

DIRECTOR'S INTEREST IN COMPETING BUSINESSES

During the Year and up to the date of this Annual Report, the following Director(s) is/are considered to have interests in the following businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group other than those businesses where the Director(s) of the Company was/were appointed as directors or represent the interests of the Company and/or the Group pursuant to the Listing Rules as set out below:

Name of Director	Name of entity which were considered to compete or likely to compete with the business of the Group	Description of competing business	Nature of interest
Mr. Shi	Orient Victory Group HK Holdings Limited 東勝集團香港控股有限公司 ("OVHK") (Note 1)	Real estate/Property development	Sole director and sole shareholder
	OVPD (東勝房地產開發集團有限公司) (Note 1)	Real estate/Property development	Sole shareholder
	Hebei Jianing Commercial Management Co., Limited* (河北嘉寧商業管理有限公司) (Note 2)	Commercial property management	Sole shareholder
	Hebei Orient Victory Commercial Management Co., Limited* (河北東勝商業管理有限公司) (Note 2)	Commercial property management	Sole shareholder

REPORT OF THE DIRECTORS

Notes:

1. As (i) Mr. Shi is fully aware of his fiduciary duty to the Group, and will abstain from voting on any matter where there is or may be a conflict of interest; and (ii) the Group have the right of first refusal on any travel-related property development projects, the Group is capable of carrying its business independently of and at arm's length from the businesses of these entities.
2. As (i) Mr. Shi is fully aware of his fiduciary duty to the Group, and will abstain from voting on any matter where there is or may be a conflict of interest; and (ii) the Group have the right of first refusal on any further projects relating to the property management services and commercial properties and merchants management services, the Group is capable of carrying its business independently of and at arm's length from the businesses of these entities.

Save as disclosed in this Annual Report, as at 31 December 2021, none of the Directors or any of their respective close associates had engaged in or had any interest in any business which causes or may cause any competition with the business of the Group or any conflicts with the interests of the Group.

CONTINUING CONNECTED TRANSACTIONS AND CONNECTED TRANSACTION

Continuing Connected Transactions

During the Year, the Group had the following continuing connected transactions which were subject to reporting, annual review and announcement requirements and, where required, circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules:

(1) *Service Agreement with HK Four Seas Tours Limited (香港四海旅行社有限公司) ("HK Four Seas")*

On 24 September 2021, Four Seas Tours Limited (四海旅行社有限公司) ("Four Seas"), an indirect non-wholly-owned subsidiary of the Company, and HK Four Seas renewed the service agreement dated 30 September 2020 which expired on 3 September 2021 (the "Expired Service Agreement") by entering into the renewed service agreement (the "Renewed Service Agreement") for a term of one year from 4 September 2021 to 3 September 2022 (both dates inclusive). Pursuant to the Renewed Service Agreement, HK Four Seas shall continue granting a licence to Four Seas for the use of trademarks owned by HK Four Seas and HK Four Seas shall, at cost, sell to Four Seas air tickets which are purchased from the International Air Transport Association and such other agencies. Four Seas has agreed that it shall purchase a minimum of 1,000 air tickets from HK Four Seas every 3 months during the term (the "Minimum Air Tickets") and the average minimum purchase price of each of the Minimum Air Tickets shall be HK\$3,400 (collectively the "Services").

As Four Seas is owned as to 35% by Four Seas Travel (BVI) Limited ("Four Seas BVI") and HK Four Seas is a wholly-owned subsidiary of Four Seas BVI, HK Four Seas is a connected person of the Company at the subsidiary level. Accordingly, the transactions contemplated under the Expired Service Agreement and the Renewed Service Agreement constitute continuing connected transactions under Chapter 14A of the Listing Rules. According to Rule 14A.101 of the Listing Rules, the continuing connected transactions contemplated under the Expired Service Agreement and the Renewed Service Agreement are subject to the reporting and announcement requirements but are exempt from the circular, independent financial advice and shareholders' approval requirements. For details, please refer to the Company's announcements dated 24 September 2021 and 30 September 2021.

REPORT OF THE DIRECTORS

For the Services, the Company has set annual caps in the sum of HK\$12.86 million for the period from 4 September 2021 to 31 December 2021 and HK\$26.58 million for the period from 1 January 2022 to 3 September 2022. The aggregate transaction amount under the Expired Service Agreement for the period from 1 January 2021 to 3 September 2021 amounted to approximately HK\$6.5 million and the aggregate transaction amount under the Renewed Service Agreement for the period from 4 September 2021 to 31 December 2021 amounted to approximately HK\$5.1 million.

The Directors confirm that the aggregate transaction amounts under the Expired Service Agreement and the Renewed Service Agreement for the Year had not exceeded their respective annual caps for the periods.

(2) Framework Agreements with OVPD

On 28 November 2019, the Company and OVPD entered into an event planning framework agreement (the “Event Planning Framework Agreement”) for the provision of event planning and all-round event production services (the “Event Planning Services”) in connection with the real estate development business of OVPD and its subsidiaries (collectively the “OVPD Group”) in the PRC by the Group to the OVPD Group for the period from 28 November 2019 to 30 September 2022. Details of the Event Planning Framework Agreement are set out in the Company’s circular dated 10 January 2020.

On 1 December 2021, the Company entered into a new framework agreement (the “New Framework Agreement”) with OVPD in respect of the provision of (i) the Event Planning Services; (ii) the property management services (the “Property Management Services”); and (iii) the commercial properties and merchants management services (the “Commercial Properties and Merchants Management Services”) by the Group to the OVPD Group for a term commencing on the date of the New Framework Agreement and ending on 31 December 2023. Details of the New Framework Agreement are set out in the Company’s circular dated 28 February 2022.

Set out below are the annual caps in respect of the Event Planning Services, the Property Management Services and the Commercial Properties and Merchants Management Services under the Event Planning Framework Agreement and the New Framework Agreement:

(i) The existing annual caps under the Event Planning Framework Agreement

For the period from 28 November 2019 to 31 December 2019	RMB9.48 million
For the year ended 31 December 2020	RMB35.82 million
For the Year	RMB26.05 million
For the nine months ending 30 September 2022	RMB17.11 million

(ii) The new annual caps under the New Framework Agreement

	New annual caps for the year ending 31 December 2022	New annual caps for the year ending 31 December 2023
	RMB (million)	RMB (million)
Event Planning Services	33.7	25.1
Property Management Services	16.5	23.8
Commercial Properties and Merchants Management Services	36.0	36.0

(the above collectively referred to as the “New Annual Cap(s)”)

REPORT OF THE DIRECTORS

The existing annual cap for the nine months ending 30 September 2022 for the Event Planning Services under the Event Planning Framework Agreement was replaced by the New Annual Cap for the year ending 31 December 2022 for the Event Planning Services, which was approved in the Company's extraordinary general meeting held on 16 March 2022.

As OVPD is wholly-owned by Mr. Shi, the chairman of the Company, the chief executive officer of the Company, an executive Director and a controlling Shareholder, and the applicable percentage ratios (other than the profits ratio) in respect of the maximum amounts of the proposed annual caps in respect of the Event Planning Framework Agreement and the New Framework Agreement are more than 5% and exceed HK\$10 million, the transactions contemplated under the Event Planning Framework Agreement and the New Framework Agreement are subject to the reporting, annual review, announcement, circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

For the Year, the aggregate transaction amount (including value added tax) of the Event Planning Services was RMB21.7 million (equivalent to approximately HK\$26.0 million). The Directors confirm that the aggregate transaction amount of the Event Planning Services with the OVPD Group for the Year had not exceeded the existing annual cap for the Year.

Continuing connected transactions pursuant to Rule 14A.60 of the Listing Rules

During the Year, the Group had the following continuing connected transactions which were subject to reporting, annual review and announcement requirements under Rule 14A.60 of the Listing Rules:

Property Management Agreements with the OVPD Group

Pursuant to an equity transfer agreement dated 8 February 2021 entered into between Huasheng New Life, an indirect wholly-owned subsidiary of the Company (as purchaser) and Hengsheng Xinye, an independent third party of the Company (as vendor), Hengsheng Xinye conditionally agreed to dispose of, and Huasheng New Life conditionally agreed to acquire, the entire equity interest in Dongsheng PMS for the consideration of RMB7,500,000. The acquisition was completed on 18 May 2021, and Dongsheng PMS and its subsidiaries have become the Group's indirect wholly-owned subsidiaries. For details of the acquisition, please refer to the Company's announcements dated 8 February 2021 and 20 May 2021.

Prior to the date of the Company's announcement dated 8 February 2021 in relation to the acquisition of the entire equity interest in Dongsheng PMS, Dongsheng PMS and its subsidiaries (each of them has become a wholly-owned subsidiary of the Company since 18 May 2021), and the OVPD Group had entered into various property management agreements in relation to (i) the provision of property management services for sales offices, display units, leisure areas and other related areas; (ii) the provision of property management services for commercial and residential units and car parking spaces; and (iii) the provision of pre-delivery property management and related services, by Dongsheng PMS and its subsidiaries to the OVPD Group (collectively the "Property Management Agreements"). For details of the Property Management Agreements, please refer to the Company's announcement dated 8 February 2021.

As the Group had continued conducting the transactions under the Property Management Agreements during the Year, the transactions under the Property Management Agreements are subject to reporting and annual review requirements pursuant to Rule 14A.60 of the Listing Rules.

REPORT OF THE DIRECTORS

Connected Transaction

During the Year, the Group had the following connected transaction which was subject to reporting and announcement requirements under Chapter 14A of the Listing Rules:

Pursuant to the New Framework Agreement, OVPD agreed to appoint the Group for the provision of, among the others, the Commercial Properties and Merchants Management Services for a term commencing on the date of the New Framework Agreement and ending on 31 December 2023. For the Year, the transaction amount (including value added tax) was RMB3.0 million (equivalent to approximately HK\$3.6 million). For details of the Commercial Properties and Merchants Management Services, please refer to the Company's announcement dated 1 December 2021.

Upon approval of the New Framework Agreement at the Company's extraordinary general meeting held on 16 March 2022, the transactions between the Group and the OVPD Group in respect of the Commercial Properties and Merchants Management Services became continuing connected transactions of the Company, which are subject to Rule 14A.50 to Rule 14A.59 of the Listing Rules.

The Directors confirm that the Company had complied with the disclosure requirements under Chapter 14A of the Listing Rules in respect of the continuing connected transactions and the connected transaction entered into by the Group (including the continuing connected transactions under Rule 14A.60 of the Listing Rules) during the Year.

Confirmations from the independent non-executive Directors and auditors of the Company

Pursuant to Rule 14A.55 of the Listing Rules, the independent non-executive Directors have reviewed the above continuing connected transactions (including the continuing connected transactions under Rule 14A.60 of the Listing Rules) and other fully exempt continuing connected transactions during the Year, and confirmed that the transactions have been entered into:

1. in the ordinary and usual course of business of the Group;
2. on normal commercial terms or better; and
3. according to the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

KPMG, the auditor of the Company (the "Auditor"), was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The Auditor has issued their unqualified letter containing the auditor's findings and conclusions in respect of the continuing connected transactions disclosed by the Group in accordance with Main Board Listing Rule 14A.56. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

The Directors confirm that, save as disclosed above, none of the related party transactions set out in note 34 to the consolidated financial statements constituted connected transactions or continuing connected transactions under Chapter 14A of the Listing Rules that is required to be disclosed. Save as disclosed in note 34 to the consolidated financial statements, the Group had not entered into any connected transactions or continuing connected transactions which are required to be disclosed in this report pursuant to the Listing Rules during the Year.



REPORT OF THE DIRECTORS

AUDIT COMMITTEE

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. Swei Feng-jih (being the chairman of the Audit Committee) and Mr. He Qi, and a non-executive Director, namely, Ms. Song Sining.

The Audit Committee is primarily responsible for reviewing and providing supervision over the financial reporting procedure and internal control of the Group. The annual results of the Group for the Year have been reviewed by the Audit Committee. The Audit Committee considers that appropriate accounting policies have been adopted, and the applicable requirements of the Listing Rules have been complied with, in the preparation of relevant results, and sufficient disclosures have been made.

CORPORATE GOVERNANCE

Save as disclosed in the Corporate Governance Report on pages 32 to 39 of this Annual Report, 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 14 of the Listing Rules throughout the Year. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 32 to 39 of this Annual Report.

SIGNIFICANT LEGAL PROCEEDINGS

During the Year, the Company had not involved in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against the Company.

SUFFICIENCY OF PUBLIC FLOAT

Based on information publicly available to the Company and to the knowledge of the Directors, at least 25% of the Company’s total issued share capital, the prescribed minimum percentage of public float approved by the Stock Exchange and permitted under the Listing Rules, are held by the public at all times as of the date of this Annual Report.

EVENTS AFTER THE REPORTING PERIOD

Details of the events after the reporting period are set out in the “Events after the Reporting Period” under the section headed “Management Discussion and Analysis” of this Annual Report.

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.

REPORT OF THE DIRECTORS

INDEPENDENT AUDITOR

The consolidated financial statements of the Group for the Year have been audited by KPMG who will retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting.

APPROVAL OF THE FINANCIAL STATEMENTS

The consolidated financial statements of the Group for the Year were approved by the Board on 30 March 2022.

On behalf of the Board

Shi Baodong
Chairman

Hong Kong, 30 March 2022

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

CORPORATE GOVERNANCE REPORT

The Company is committed to establishing good corporate governance practices and procedures. The corporate governance principles of the Company emphasise accountability and transparency to its Shareholders. Periodic review will be made to the corporate governance practices to comply with the regulatory requirements. After reviewing the effectiveness of the risk management and internal control systems during the Year, the Company considered them effective and adequate.

BOARD COMPOSITION AND BOARD PRACTICES

As at 31 December 2021, the Board consisted of seven Directors, including the chairman, Mr. Shi Baodong, who is also the chief executive officer of the Company and an executive Director, two additional executive Directors, a non-executive Director and three independent non-executive Directors. Not less than one-third of the Board are independent non-executive Directors. A list of the Directors and their respective biographies is set out on pages 16 to 18 of this Annual Report.

The Board composition is regularly reviewed to ensure that it has a balance of skills and experience which is appropriate to the requirement of the business of the Group. A balanced composition of executive Directors and non-executive Directors is maintained to ensure independence and effective management. The Company has satisfied the relevant provision of the Listing Rules in having at least one of the independent non-executive Directors with appropriate professional qualifications or accounting or related financial management expertise.

The appointment of the Directors is recommended by the Nomination Committee and approved by the Board based on a formal written procedure and a policy of the appointment of new Director(s). Skills, experience, expertise, devotion of time and conflicts of interests are the key factors of selecting potential candidates for Director(s). All the current non-executive Directors and independent non-executive Directors were appointed for a term of three years. All Directors (including non-executive and independent non-executive Directors) are subject to retirement by rotation at least once every three years in accordance with the Articles of Association.

The Board has adopted a policy on board diversity. With a view to achieving a sustainable and balanced development, the Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. In designing the Board's composition, Board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy, and candidates will be considered based on objective criteria, having due regard for the benefits of diversity on the Board.

The Board is collectively responsible for the formulation of the Group's strategy and overseeing the management of the business and affairs of the Group. The Board delegates the day-to-day management, administration and operations of the Group's business to the management of the relevant segments and divisions. The management is responsible for the implementation and adoption of the Company's strategies and policies. The delegated functions and tasks are periodically reviewed by the Board.

Every newly appointed Director is provided with an induction on the first occasion of his/her appointment to ensure that he/she has adequate understanding of the businesses and operations of the Group. The Directors are also kept informed on a timely basis of their responsibilities and obligations under the Listing Rules, as well as other relevant statutory or regulatory requirements. The Company also encourages its Directors to participate in continuous professional development programmes.

CORPORATE GOVERNANCE REPORT

All Directors have been fully consulted about any matters proposed for inclusion in the agenda of regular meetings. With the assistance of the executive Directors, the chairman seeks to ensure that all Directors are properly briefed on issues arising at board meetings and have received adequate and reliable information in a timely manner.

The Board held fourteen meetings in the Year:

Board	Attendance (Number of meetings attended/ eligible to attend)
Executive Directors:	
Mr. Shi Baodong	13/14
Mr. Mo Yueming	13/14
Mr. Zhao Huining	11/14
Non-executive Director:	
Ms. Song Sining	14/14
Independent Non-executive Directors:	
Mr. Dong Xiaojie	11/14
Mr. He Qi	14/14
Mr. Swei Feng-jih	14/14

Notices of at least fourteen days are given to the Directors for regular meetings, while relevant documents are sent to the Directors not less than three days before the intended date of a board or board committee meeting. With respect to other meetings, the Directors are given as much notices as reasonable and practicable in the circumstances. The Directors can attend meetings in person or through other means of electronic communication in accordance with the Articles of Association. The company secretary of the Company (the "Company Secretary") ensures that the procedures are complied with all applicable rules and regulations. Minutes of board meetings and board committees meetings are kept by the Company Secretary and are available for inspection at any time on reasonable notice by any Director.

The Directors have full access to information of the Group and are able to obtain independent professional advices whenever they deem necessary. Memorandums are issued to the Directors from time to time to update them with legal and regulatory changes and matters of relevance to the Directors in the discharge of their duties.



CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE CODE

The Company had complied with all applicable code provisions as in force during the Year under the CG Code throughout the Year except for deviation from code provision C.2.1 of the CG Code.

Under code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. Despite the responsibilities of the chairman and the chief executive officer of the Company vested in Mr. Shi during the Year, all major decisions are made in consultation with the Board. The Board considers that there is sufficient balance of power; and the current corporate arrangement maintains a strong management position of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code 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.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for the maintenance of a sound and effective risk management and internal control systems of the Group and has established the Group's internal control policies and procedures for monitoring the internal control systems. Such systems are designated to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

Recognising that a well-designed and effective system of internal control is crucial to safeguard the assets of the Company and the Shareholders' investment and to ensure the reliability of financial reporting as well as compliance with the relevant requirement of the Listing Rules, a team, comprising qualified accountants and management of the Company, has been organised to carry out the internal audit function of the Company (the "IA Team").

Based on the assessment of risk exposure, the IA Team formulates audit plans periodically and ensures the audit programs cover key internal control areas of key operating subsidiaries for the review by the Audit Committee at regular intervals. The scopes and timing of audit reviews are usually determined according to risk assessment.

Special reviews may also be performed on areas of concern identified by management or the Audit Committee from time to time. Communication channel has been established between the IA Team and the members of the Audit Committee.

CORPORATE GOVERNANCE REPORT

The Audit Committee reviews the findings and recommendations of the IA Team in their meetings held at least twice a year and reports to the Board on such review. In respect of the Year, the Board, through the Audit Committee, reviewed the overall effectiveness of the Group's risk management and internal control systems, covering financial, operational and compliance controls and risk management functions, which included the adequacy of resources, qualifications and experience of staff of the accounting and financial reporting function, and their training programmes and budget.

The Group acknowledges its responsibilities under the SFO and the Listing Rules and the overriding principle that inside information should be announced immediately when it is the subject of a decision. The Group will ensure that inside information will be disclosed to the public through public announcements and its website as soon as reasonably practicable pursuant to the "Guidelines on Disclosure of Inside Information" published by the Securities and Futures Commission of Hong Kong in June 2012. Besides, all inside information will be kept strictly confidential before disclosing to the public and only the relevant persons will have access to such information.

The Board believes that there are no material internal controls deficiencies that may affect the Shareholders and an effective and adequate risk management and internal control system are in place to safeguard the assets of the Group. The Group will continue to enhance the system to cope with the changes in the business environment.

RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the consolidated financial statements of the Group and ensure that the preparation of the consolidated financial statements of the Group is in accordance with statutory requirements and applicable accounting standards.

The statement of the Auditor's reporting responsibilities on the consolidated financial statements of the Group is set out in the Independent Auditor's Report on pages 40 to 44 of this Annual Report.

AUDITORS' REMUNERATION

The Group's consolidated financial statements for the Year was audited by KPMG, of which the term of office as Auditor of the Company will expire at the forthcoming annual general meeting, and for which it's eligible to offer themselves for re-appointment.

For the Year, the remuneration paid or payable to KPMG in respect of statutory annual audit services (i.e. statutory annual audit services) and non-audit services (i.e. non-audit services for the Group's interim report) is of approximately HK\$5.2 million and HK\$0.5 million respectively.



CORPORATE GOVERNANCE REPORT

COMPANY SECRETARY

Mr. Ip Pui Sum (“Mr. Ip”) resigned as the Company Secretary on 15 January 2021 and Mr. Liu Kin Wai (“Mr. Liu”) was appointed as the Company Secretary on the same date. Mr. Liu is a full-time employee of the Company and during the Year, Mr. Ip and Mr. Liu have taken no less than 15 hours of relevant professional training as required by Rule 3.29 of the Listing Rules.

CONTINUOUS PROFESSIONAL DEVELOPMENT FOR DIRECTORS AND SENIOR MANAGEMENT

The Directors must keep abreast of their collective responsibilities. Each newly appointed Director receives an induction package covering the Group’s businesses and the statutory and regulatory obligations of a director of a listed company.

Apart from updates on regulatory changes and governance developments provided by the Company, the Directors are encouraged to participate in professional trainings and seminars to develop and refresh their knowledge and skill. During the Year, training had been provided by external professional parties. Further, the Company has continuously provided reading materials and other updated information regarding latest development of the Listing Rules and other applicable regulations to the Directors for their reference and study.

The Company encourages the senior management to improve their professional knowledge by attending the external seminars and participating in the internal trainings provided by the Company.

AUDIT COMMITTEE

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

The principal duties of the Audit Committee, in accordance with its terms of reference, are substantially the same as those under the CG Code, including review of the Group’s financial reporting system and internal control procedures, review of financial information of the Group, review of interim and annual results of the Group, (unless expressly addressed by a separate risk committee or the Board itself) review of the risk management and internal control systems, the effectiveness of the Company’s internal audit function, and other duties under the CG Code, and review of the relationship with the Auditor.

The Audit Committee was also delegated by the Board to be responsible for performing the corporate governance duties under the CG Code, which includes developing and reviewing the Company’s policies and practices on corporate governance and making recommendations to the Board, reviewing and monitoring the training and continuous professional development of the Directors and senior management, reviewing and monitoring the Company’s policies and practices being in compliance with the legal and regulatory requirements, and reviewing the Company’s compliance with the CG Code.

CORPORATE GOVERNANCE REPORT

The Audit Committee held two meetings in the Year in which representatives of the management were present to review the interim and annual results, the interim report and annual report and other financial, internal control and corporate governance matters. The Auditor was present in one of the meetings.

	Attendance (Number of meetings attended/ eligible to attend)
Audit Committee	
Mr. Swei Feng-jih (<i>Chairman</i>)	2/2
Mr. He Qi	2/2
Ms. Song Sining	1/2

REMUNERATION COMMITTEE

The Remuneration Committee performs the remuneration function under the CG Code. The Remuneration Committee consists of one executive Director, namely Mr. Shi Baodong, and two independent non-executive Directors, namely Mr. Dong Xiaojie (chairman of the Remuneration Committee) and Mr. Swei Feng-jih.

The principal duties of the Remuneration Committee, in accordance with its terms of reference, are substantially the same as those under the CG Code, which include determining the policy for the remuneration of executive Directors, assessing performance of executive Directors, approving the terms of executive Directors' service contracts, and making recommendations to the Board on the remuneration packages of individual executive Directors and senior management.

The Remuneration Committee held two meetings in the Year and the attendance record is set out below:

	Attendance (Number of meetings attended/ eligible to attend)
Remuneration Committee	
Mr. Dong Xiaojie (<i>Chairman</i>)	2/2
Mr. Shi Baodong	2/2
Mr. Swei Feng-jih	2/2

The Remuneration Committee reviewed the policies for the remuneration of executive Directors and senior management, including basic salaries, discretionary performance bonus and other emoluments, based on skills, knowledge, involvement in the Company's affairs and performance of the individual executive Director and senior management with reference to the Company's performance and profitability, as well as industry practice.

CORPORATE GOVERNANCE REPORT

NOMINATION COMMITTEE

The Nomination Committee performs the nomination function under the CG Code. The Nomination Committee consists of one executive Director, namely Mr. Shi Baodong (chairman of the Nomination Committee), and two independent non-executive Directors, namely Mr. He Qi and Mr. Swei Feng-jih.

The principal duties of the Nomination Committee, in accordance with its terms of reference, are substantially the same as those under the CG Code, which include reviewing the structure and composition of the Board, identification of suitably qualified Board candidates, and determining the policy for the nomination of the Directors.

The Nomination Committee held two meetings in the Year and the attendance record is set out below:

Nomination Committee	Attendance (Number of meetings attended/ eligible to attend)
Mr. Shi Baodong (<i>Chairman</i>)	2/2
Mr. He Qi	2/2
Mr. Swei Feng-jih	2/2

The Nomination Committee reviewed the structure, size and composition of the Board, assessed the independence of independent non-executive Directors and made recommendations to the Board on the appointment and reappointment of the Directors.

Reimbursement is allowed for out-of-pocket expenses incurred in connection with the performance of their duties including attendance at board meetings and committee meetings.

SHAREHOLDERS' RIGHTS

Information is communicated to the Shareholders mainly through the Company's corporate communications (such as interim and annual reports, announcements and circulars), annual general meeting and other general meetings, as well as disclosure on the website of the Company.

Interim reports, annual reports and circulars are sent to the Shareholders in a timely manner and are available on the website of the Company. The Company's website provides Shareholders with the corporate information of the Group.

CORPORATE GOVERNANCE REPORT

Shareholders are provided with contact details of the Company to enable them to make enquiries with respect to the Company's affairs. Shareholders can also send their enquiries to the Company through these channels or contact Union Registrars Limited, the Company's share registrar and transfer office in Hong Kong, in case of enquiries about their respective shareholdings in the Company.

Shareholders may at any time send their enquiries and concerns to the Board in writing to the Company's registered office in Hong Kong at 1201B, 12/F., Tower 1 Admiralty Centre, 18 Harcourt Road, Admiralty, Hong Kong. Shareholders may also send such enquiries and concerns to ovchina@orientvictory.com.cn, an email specifically set up by the Company for investor communications.

Annual general meeting of the Company ("AGM(s)") allows the Directors to meet and communicate with Shareholders. The Company ensures that Shareholders' views are communicated to the Board. The chairman of the AGM proposes separate resolutions for each issue to be considered. Members of the Audit Committee, the Remuneration Committee and the Nomination Committee and the external auditor also attend the AGMs to answer questions from Shareholders. AGM proceedings are reviewed from time to time to ensure that the Company follows good corporate governance practices. Notices of AGMs are distributed to all Shareholders at least 20 clear business days prior to the respective AGMs. The accompanying circular sets out the details of each proposed resolution and other relevant information as required under the Listing Rules. Voting results are posted on the Company's website on the day of the AGM.

The Articles of Association set out the procedures for the Shareholders to convene general meetings, move a resolution at general meetings and propose a person for election as a Director, which are available at the Company's corporate website <http://www.orientvictory.com.hk>.

Extraordinary general meetings of the Company ("EGM(s)") shall be convened on the requisition of any one Shareholder, who is a recognised clearing house (or its nominee), or any two or more Shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid-up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board or the Company Secretary for the purpose of requiring an EGM to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within 3 months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed with convening such meeting, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them may convene such meeting, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

INDEPENDENT AUDITOR'S REPORT



Independent auditor's report to the shareholders of Orient Victory Travel Group Company Limited
(Incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of Orient Victory Travel Group Company Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 45 to 124, which comprise the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code") together with any ethical requirements that are relevant to our audit of the consolidated financial statements in the Cayman Islands, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters *(continued)*

Valuation of investment properties

Refer to Note 13 to the consolidated financial statements and the accounting policies in Note 2(g).

The Key Audit Matter

How the matter was addressed in our audit

The Group held investment properties, with a total carrying amount of HK\$100,599,000 as at 31 December 2021, which accounted for 11.27% of the Group's total assets as at that date.

The net changes in fair value recorded in the consolidated statement of profit or loss for the year ended 31 December 2021 amounted to HK\$3,144,000.

The investment properties, which are located in Hebei Province in Mainland China, comprise commercial premises for leasing to commercial tenants.

The fair values of investment properties as at 31 December 2021 were assessed by the board of directors primarily based on independent valuations prepared by a qualified external property valuer based on certain estimates, including capitalisation rates and prevailing market rents for comparable commercial properties.

We identified the valuation of investment properties as a key audit matter because of their significance to the Group's consolidated financial statements and because the determination of the fair values involves significant degree of judgement and may be subject to management bias.

Our audit procedures to assess the valuation of the investment properties included the following:

- obtaining and inspecting the valuation reports prepared by the external property valuers on which the management's assessments of the fair values of investment properties were based;
- assessing the external property valuer's qualifications, experience and expertise in the properties being valued and considering their objectivity;
- with the assistance of our internal property valuation specialists, discussing with the external property valuer, without the presence of management, their valuation methodology, and assessing the key estimates and assumptions adopted in the valuations, including those relating to capitalisation rates and prevailing market rents for comparable commercial properties, by comparing these with the market available data and by utilising the industry knowledge and experience of our internal property valuation specialists; and
- comparing inputs to the valuation model, on a sample basis, which included committed rents and leasing terms, with underlying contracts.



INDEPENDENT AUDITOR'S REPORT

Information other than the consolidated financial statements and auditor's report thereon

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated financial statements

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



INDEPENDENT AUDITOR'S REPORT

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Cheung Tsz Chung.

KPMG

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

30 March 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended 31 December 2021
(Expressed in Hong Kong dollars ("HK\$"))

	Notes	2021 \$'000	2020 \$'000 (Restated) (Note)
Continuing operations:			
Revenue	4	142,272	162,429
Cost of sales and services		(103,496)	(137,469)
Gross profit		38,776	24,960
Other income	5	3,171	2,916
Selling, general and administrative expenses		(64,112)	(63,916)
Impairment of intangible assets	14	(4,213)	-
Impairment of goodwill	15	-	(15,404)
Share of profit of an associate	17	41	-
Net valuation gain on investment properties	13	3,144	-
Gain on acquisitions of subsidiaries	32	2,986	-
Gain on disposal of interest in a subsidiary		-	1,006
Loss from operations		(20,207)	(50,438)
Finance cost	6(a)	(1,047)	(10,937)
Loss before taxation	6	(21,254)	(61,375)
Income tax	7	(5,669)	1,984
Loss for the year from continuing operations		(26,923)	(59,391)
Discontinued operations:			
Profit for the year from discontinued operations	8(c)	6,189	14,465
Loss for the year		(20,734)	(44,926)
Attributable to:			
Equity shareholders of the Company			
- continuing operations		(16,597)	(38,024)
- discontinued operations		6,189	14,465
		(10,408)	(23,559)
Non-controlling interests			
- continuing operations		(10,326)	(21,367)
Loss for the year		(20,734)	(44,926)
Basic and diluted (loss)/earning per share	12		
- continuing operations		(HK0.22 cent)	(HK0.32 cent)
- discontinued operations		HK0.05 cent	HK0.11 cent

Note: The restatement of comparative information is attributable to the discontinued operations as disclosed in Note 8.

The notes on pages 53 to 124 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2021
(Expressed in HK\$)

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

Note: The restatement of comparative information is attributable to the discontinued operations as disclosed in Note 8.

The notes on pages 53 to 124 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2021
(Expressed in HK\$)

	Notes	2021 \$'000	2020 \$'000
Non-current assets			
Investment properties	13	100,599	139,403
Property, plant and equipment	13	137,855	131,395
		238,454	270,798
Intangible assets	14	159	4,055
Interest in an associate	17	32,916	–
Deferred tax assets	29	2,625	2,373
		274,154	277,226
Current assets			
Inventories	18	16,385	214,620
Trade receivables	19	30,607	19,736
Advances to an associate	17	153,943	–
Prepayments, deposits and other receivables	20	160,688	109,719
Assets held for sale	23	–	47,538
Restricted bank deposits	21	1,423	2,239
Cash and cash equivalents	22	255,219	179,309
		618,265	573,161
Current liabilities			
Trade payables	24	31,178	26,810
Contract liabilities	25	33,833	9,555
Other payables and accruals	26	93,975	92,560
Lease liabilities	27	9,024	1,740
Provisions		1,010	1,034
		169,020	131,699
Net current assets		449,245	441,462
Total assets less current liabilities		723,399	718,688
Non-current liabilities			
Lease liabilities	27	62,450	435
Deferred tax liabilities	29	13,226	13,031
Provisions		1,729	2,669
		77,405	16,135
NET ASSETS		645,994	702,553

The notes on pages 53 to 124 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2021
(Expressed in HK\$)

	Notes	2021 \$'000	2020 \$'000
CAPITAL AND RESERVES	30		
Share capital		64,610	64,610
Perpetual convertible securities	31	296,274	296,274
Reserves		262,490	263,936
Total equity attributable to equity shareholders of the Company		623,374	624,820
Non-controlling interests		22,620	77,733
TOTAL EQUITY		645,994	702,553

Approved and authorised for issue by the board of directors on 30 March 2022.

Shi Baodong
Chairman

Mo Yueming
Director

The notes on pages 53 to 124 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2021
(Expressed in HK\$)

		Attributable to equity shareholders of the Company							
	Notes	Share capital \$'000	Share premium \$'000	Perpetual convertible securities \$'000	Exchange reserve \$'000	Accumulated losses \$'000	Total \$'000	Non-controlling interests \$'000	Total equity \$'000
		Note 30(b)	Note 30(c)	Note 31	Note 30(d)				
Balance at 1 January 2020		64,610	635,230	296,274	(34,790)	(354,733)	606,591	99,571	706,162
Changes in equity for 2020:									
Loss for the year		-	-	-	-	(23,559)	(23,559)	(21,367)	(44,926)
Other comprehensive income		-	-	-	41,640	-	41,640	2,793	44,433
Total comprehensive income		-	-	-	41,640	(23,559)	18,081	(18,574)	(493)
Equity-settled share-based transactions	28	-	148	-	-	-	148	-	148
Disposal of a subsidiary		-	-	-	-	-	-	(3,264)	(3,264)
		-	148	-	-	-	148	(3,264)	(3,116)
Balance at 31 December 2020		64,610	635,378	296,274	6,850	(378,292)	624,820	77,733	702,553

The notes on pages 53 to 124 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2021

(Expressed in HK\$)

Notes	Attributable to equity shareholders of the Company							Total equity \$'000
	Share capital \$'000 Note 30(b)	Share premium \$'000 Note 30(c)	Perpetual convertible securities \$'000 Note 31	Exchange reserve \$'000 Note 30(d)	Accumulated losses \$'000	Total \$'000	Non-controlling interests \$'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 2021:								
Loss for the year	-	-	-	-	(10,408)	(10,408)	(10,326)	(20,734)
Other comprehensive income	-	-	-	16,740	-	16,740	974	17,714
Total comprehensive income	-	-	-	16,740	(10,408)	6,332	(9,352)	(3,020)
Deemed disposal of a subsidiary	-	-	-	-	-	-	(48,570)	(48,570)
Contribution from a non-controlling shareholder	-	-	-	-	-	-	2,809	2,809
Distributions to holders of perpetual convertible securities	-	-	-	-	(7,937)	(7,937)	-	(7,937)
Equity-settled share-based transactions	-	159	-	-	-	159	-	159
	-	159	-	-	(7,937)	(7,778)	(45,761)	(53,539)
Balance at 31 December 2021	64,610	635,537	296,274	23,590	(396,637)	623,374	22,620	645,994

The notes on pages 53 to 124 form part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2021
(Expressed in HK\$)

	Notes	2021 \$'000	2020 \$'000 (Restated) (Note)
Operating activities			
(Loss)/profit before taxation:			
- continuing operations		(21,254)	(61,375)
- discontinued operations		8,071	15,123
		(13,183)	(46,252)
Adjustments for:			
Valuation gains on investment properties	13	(3,144)	(1,457)
Depreciation and amortisation	13, 14	7,682	12,117
Impairment losses recognised on goodwill	15	-	15,404
Impairment losses recognised on intangible assets	14	4,213	-
Loss/(gain) on disposal of property, plant and equipment, net	4	1	(37)
Finance costs	6(a), 8(c)	1,919	10,995
Share of (profits)/losses of associates	8(c), 17(b)	(41)	14,256
Loss/(gain) on disposal of discontinued operations	8(c)	295	(25,686)
Gain on disposal of interest in a subsidiary		-	(1,006)
Gain on acquisition of subsidiaries	32	(2,986)	-
Equity-settled share-based payment expenses	28	159	148
Changes in working capital:			
Decrease/(increase) in inventories		98,886	(23,230)
Decrease in assets held-for-sale		47,538	-
(Increase)/decrease in trade receivables		(7,107)	35,454
(Increase)/decrease in prepayments, deposits and other receivables		(65,535)	103,293
Increase/(decrease) in trade payables		5,133	(14,938)
Increase/(decrease) in contract liabilities		8,401	(5,674)
Decrease in other payables and accruals		(3,660)	(28,614)
Cash generated from operations		78,571	44,773
Income tax paid	29(a)	(2,036)	-
Cash generated from operating activities		76,535	44,773

The notes on pages 53 to 124 form part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2021
(Expressed in HK\$)

	Notes	2021 \$'000	2020 \$'000 (Restated) (Note)
Investing activities			
Payments for the purchase of property, plant and equipment		(17,711)	(20,191)
Proceeds from disposal of property, plant and equipment		515	-
Net cash paid for the acquisition of subsidiaries	32	(2,355)	(3,172)
Net cash outflow for deemed disposal of a subsidiary	17(a)	(106)	-
Net proceeds from disposal of discontinued operations, net of cash disposal of		-	357,323
Proceeds from repayment of loans to an associate		-	36,323
Loans to third parties	20	(61,156)	-
Proceeds from refund of/(payments for) investment prepayments	20	81,497	(81,497)
Net decrease in restricted bank deposits		816	884
Net cash generated from investing activities		1,500	289,670
Financing activities			
Proceeds from/(repayment of) bank and other borrowings	22(b)	830	(137,089)
Repayment of advance from related parties	22(b)	-	(126,181)
Repayment of advance from a non-controlling shareholder		-	(14,040)
Contribution from a non-controlling shareholder		2,809	-
Distributions paid to holders of perpetual convertible securities	22(b), 31	(7,937)	-
Capital element of lease rentals paid	22(b)	(3,392)	(3,030)
Interest element of lease rentals paid	22(b)	(1,773)	(156)
Interest paid	22(b)	(146)	(171)
Net cash used in financing activities		(9,609)	(280,667)
Net increase in cash and cash equivalents		68,426	53,776
Cash and cash equivalents at 1 January	22	179,309	117,807
Effect of foreign exchange rate changes		7,484	7,726
Cash and cash equivalents at 31 December	22	255,219	179,309

Note: The restatement of comparative information is attributable to the discontinued operations as disclosed in Note 8.

The notes on pages 53 to 124 form part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in HK\$ unless otherwise indicated)

1 Corporate information

Orient Victory Travel Group Company Limited (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 Company and its subsidiaries (the “Group”) are principally engaged in the property management and leasing services businesses for residential and commercial properties, the diversified tourism products and services businesses and the integrated development businesses during the year ended 31 December 2021.

2 Significant accounting policies

(a) Statement of compliance

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

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

(b) Basis of preparation of the financial statements

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

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

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

- investment property, including interests in leasehold land and buildings held as investment property (see Note 2(g)).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in HK\$ unless otherwise indicated)

2 Significant accounting policies (*continued*)

(b) Basis of preparation of the financial statements (*continued*)

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

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

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 3.

(c) Changes in accounting policies

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

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

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

(d) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interest either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in HK\$ unless otherwise indicated)

2 Significant accounting policies (*continued*)

(d) Subsidiaries and non-controlling interests (*continued*)

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with Notes 2(p), (q) or (r) depending on the nature of the liability.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate (see Note 2(e)).

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 2(k)(ii)), unless the investment is classified as held-for-sale.

(e) Associates

An associate is an entity in which the Group has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An investment in an associate is accounted for in the consolidated financial statements under the equity method, unless it is classified as held-for-sale. Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). The cost of the investment includes purchase price, other costs directly attributable to the acquisition of the investment, and any direct investment into the associate or joint venture that forms part of the Group's equity investment. Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment. Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investee's and any impairment losses for the year are recognised in the consolidated statement of profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investee's other comprehensive income is recognised in the consolidated statement of profit or loss and other comprehensive income.

When the Group's share of losses exceeds its interest in the associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate, after applying the ECL model to such other long-term interests where applicable (see Note 2(k)).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in HK\$ unless otherwise indicated)

2 Significant accounting policies (*continued*)

(e) Associates (*continued*)

Unrealised profits and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset.

In the Company's statement of financial position, investments in associates and joint venture are stated at cost less impairment losses (see Note 2(k)(ii)).

(f) Business combination and goodwill

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a "concentration test" that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Goodwill represents the excess of:

- (i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over
- (ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in HK\$ unless otherwise indicated)

2 Significant accounting policies (continued)

(f) Business combination and goodwill (continued)

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit (“CGU”), or groups of cash generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see Note 2(k)(ii)).

On disposal of a cash generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(g) Investment property

Investment properties are land and/or buildings which are owned or held under a leasehold interest (see Note 2(j)) to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property.

Investment properties also include leased properties which are being recognised as right-of-use assets and subleased by the Group under operating leases.

Investment properties are stated at fair value, unless they are still in the course of construction or development at the end of the reporting period and their fair value cannot be reliably measured at that time. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss. Rental income from investment properties is accounted for as described in Note 2(v)(vi).

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. A leased property which is recognised as a right-of-use asset is derecognised if the Group as an intermediate lessor classifies the sublease as a finance lease. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

(h) Property, plant and equipment

The following items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see Note 2(k)):

- right-of-use assets arising from leases over freehold or leasehold properties where the Group is not the registered owner of the property interest; and
- items of plant and equipment, including right-of-use assets arising from leases of underlying plant and equipment (see Note 2(j)).

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs (see Note 2(x)).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in HK\$ unless otherwise indicated)

2 Significant accounting policies (continued)

(h) Property, plant and equipment (continued)

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

Buildings	2.5% to 5%
Furniture and leasehold improvements	10% to 25%, not exceeding the lease terms
Machinery and equipment	9.5% to 30%
Motor vehicles	9.5% to 25%

Where parts of an item of property, plant and equipment have different useful lives, the cost or valuation of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

(i) Intangible assets (other than goodwill)

Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see Note 2(k)). Expenditure on internally generated goodwill and brands is recognised as an expense in the period in which it is incurred.

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

- Software	3 to 8 years
- Others	1 to 2 years

Both the period and method of amortisation are reviewed annually.

Intangible assets are not amortised while their useful lives are assessed to be indefinite. Any conclusion that the useful life of an intangible asset is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for prospectively from the date of change and in accordance with the policy for amortisation of intangible assets with finite lives as set out above.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in HK\$ unless otherwise indicated)

2 Significant accounting policies (*continued*)

(j) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) *As a lessee*

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets which, for the Group are primarily laptops and office furniture. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see Notes 2(k) and 2(h)), except for the following types of right-of-use asset:

- right-of-use assets that meet the definition of investment property are carried at fair value in accordance with Note 2(g); and
- right-of-use assets related to interests in leasehold land where the interest in the land is held as inventory are carried at the lower of cost and net realisable value in accordance with Note 2(l).

The initial fair value of refundable rental deposits is accounted for separately from the right-of-use assets in accordance with the accounting policy applicable to investments in debt securities carried at amortised cost (see Notes 2(v)(vi) and 2(k)(i)). Any difference between the initial fair value and the nominal value of the deposits is accounted for as additional lease payments made and is included in the cost of right-of-use assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in HK\$ unless otherwise indicated)

2 Significant accounting policies (*continued*)

(j) Leased assets (*continued*)

(i) As a lessee (*continued*)

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are rent concessions that occurred as a direct consequence of the COVID-19 pandemic (the "Pandemic") and met the conditions set out in paragraph 46B of HKFRS 16 *Leases*. In such cases, the Group has taken advantage of the practical expedient not to assess whether the rent concessions are lease modifications, and recognised the change in consideration as negative variable lease payments in profit or loss in the period in which the event or condition that triggers the rent concessions occurred.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

(ii) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. The rental income from operating leases is recognised in accordance with Note 2(v)(vi).

When the Group is an intermediate lessor, the sub-leases are classified as a finance lease or as an operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the exemption described in Note 2(j)(i), then the Group classifies the sub-lease as an operating lease.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in HK\$ unless otherwise indicated)

2 Significant accounting policies (*continued*)

(k) Credit losses and impairment of assets

(i) Credit losses from financial instruments, contract assets and lease receivables

The Group recognises a loss allowance for expected credit losses (ECLs) on financial assets measured at amortised cost (including cash and cash equivalents, trade receivables and other receivables, including loans to associates, which are held for the collection of contractual cash flows which represent solely payments of principal and interest), and lease receivables.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

- for fixed-rate financial assets, including trade and other receivables and loans to associates: effective interest rate determined at initial recognition or an approximation thereof;
- lease receivables: discount rate used in the measurement of the lease receivable.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in HK\$ unless otherwise indicated)

2 Significant accounting policies (*continued*)

(k) Credit losses and impairment of assets (*continued*)

(i) Credit losses from financial instruments, contract assets and lease receivables (*continued*)

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Basis of calculation of interest income

Interest income recognised in accordance with Note 2(v)(vii) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in HK\$ unless otherwise indicated)

2 Significant accounting policies (continued)

(k) Credit losses and impairment of assets (continued)

(i) Credit losses from financial instruments, contract assets and lease receivables (continued)

Basis of calculation of interest income (continued)

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or past due event;
- it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset or lease receivable is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of other non-current assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment, including right-of-use assets (other than property carried at revalued amounts);
- intangible assets;
- goodwill; and
- investments in subsidiaries and associates in the Company's statement of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in HK\$ unless otherwise indicated)

2 Significant accounting policies (*continued*)

(k) Credit losses and impairment of assets (*continued*)

(ii) Impairment of other non-current assets (*continued*)

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

- Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest Group of assets that generates cash inflows independently (i.e. a cash-generating unit). A portion of the carrying amount of a corporate asset (for example, head office building) is allocated to an individual cash-generating unit if the allocation can be done on a reasonable and consistent basis, or to the smallest group of cash-generating units if otherwise.

- Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

- Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in HK\$ unless otherwise indicated)

2 Significant accounting policies (*continued*)

(k) Credit losses and impairment of assets (*continued*)

(iii) *Interim financial reporting and impairment*

Under the Listing Rules, the Group is required to prepare an interim financial report in compliance with HKAS 34, *Interim financial reporting*, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see Notes 2(k)(i) and (ii)).

Impairment losses recognised in an interim period in respect of goodwill are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates.

(l) Inventories and other contract costs

(i) *Inventories*

Inventories are assets which are held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services.

Inventories are carried at the lower of cost and net realisable value as follows:

- Property under development for sale

The cost of properties under development for sale comprises specifically identified cost, including the acquisition cost of interests in freehold and leasehold land, aggregate cost of development, materials and supplies, wages and other direct expenses, an appropriate proportion of overheads and borrowing costs capitalised (see Note 2(x)). Net realisable value represents the estimated selling price less estimated costs of completion and costs to be incurred in selling the property.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised.

The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in HK\$ unless otherwise indicated)

2 Significant accounting policies (*continued*)

(l) Inventories and other contract costs (*continued*)

(ii) Other contract costs

Other contract costs are either the incremental costs of obtaining a contract with a customer or the costs to fulfil a contract with a customer which are not capitalised as inventory (see Note 2(l)(i)), property, plant and equipment (see Note 13) and intangible assets (see Note 14).

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained e.g. an incremental sales commission. Incremental costs of obtaining a contract are capitalised when incurred if the costs relate to revenue which will be recognised in a future reporting period and the costs are expected to be recovered. Other costs of obtaining a contract are expensed when incurred.

Costs to fulfil a contract are capitalised if the costs relate directly to an existing contract or to a specifically identifiable anticipated contract; generate or enhance resources that will be used to provide goods or services in the future; and are expected to be recovered. Costs that relate directly to an existing contract or to a specifically identifiable anticipated contract may include direct labour, direct materials, allocations of costs, costs that are explicitly chargeable to the customer and other costs that are incurred only because the Group entered into the contract (for example, payments to sub-contractors). Other costs of fulfilling a contract, which are not capitalised as inventories, are expensed as incurred.

Capitalised contract costs are stated at cost less accumulated amortisation and impairment losses. Impairment losses are recognised to the extent that the carrying amount of the contract cost asset exceeds the net of (i) remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the asset relates, less (ii) any costs that relate directly to providing those goods or services that have not yet been recognised as expenses.

Amortisation of capitalised contract costs is charged to profit or loss when the revenue to which the asset relates is recognised. The accounting policy for revenue recognition is set out in Note 2(v).

(m) Contract assets and contract liabilities

A contract asset is recognised when the Group recognises revenue (see Note 2(v)) before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for ECL in accordance with the policy set out in Note 2(k)(i) and are reclassified to receivables when the right to the consideration has become unconditional (see Note 2(n)).

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see Note 2(v)). A contract liability would also be recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see Note 2(n)).

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see Note 2(v)).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in HK\$ unless otherwise indicated)

2 Significant accounting policies (*continued*)

(n) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset (see Note 2(m)).

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortised cost, using the effective interest method and including an allowance for credit losses (see Note 2(k)(i)).

(o) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECL in accordance with the policy set out in Note 2(k)(i).

(p) Trade and other payables

Trade and other payables are initially recognised at fair value. Subsequent to initial recognition, trade and other payables are stated at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(q) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with the Group's accounting policy for borrowing costs (see Note 2(x)).

(r) Perpetual convertible securities

Perpetual convertible securities are classified as equity if it is non-redeemable, or redeemable only at the Company's option, and any interests and distributions are discretionary. Interests and distributions on perpetual convertible securities classified as equity are recognised as distributions within equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in HK\$ unless otherwise indicated)

2 Significant accounting policies (*continued*)

(s) Employee benefits

(i) *Short-term employee benefits and contributions to defined contribution retirement plans*

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the “MPF Scheme”) under the Mandatory Provident Fund Schemes Ordinance. Contributions are made based on a percentage of the employees’ basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group’s employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group’s subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a percentage of its payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

(ii) *Termination benefits*

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

(iii) *Share-based payment arrangements*

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

(t) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to business combinations, items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in HK\$ unless otherwise indicated)

2 Significant accounting policies (*continued*)

(t) Income tax (*continued*)

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in Note 2(g), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in HK\$ unless otherwise indicated)

2 Significant accounting policies (*continued*)

(t) Income tax (*continued*)

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
 - the same taxable entity; or
 - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(u) Provisions and contingent liabilities

Provisions are recognised when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

(v) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods, the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

Revenue is recognised when control over a product or service is transferred to the customer, or the lessee has the right to use the asset, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in HK\$ unless otherwise indicated)

2 Significant accounting policies (continued)

(v) Revenue and other income (continued)

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. The group takes advantage of the practical expedient in paragraph 63 of HKFRS 15 and does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Sale of goods

Revenue is recognised when the customer takes possession of and accepts the products. If the products are a partial fulfilment of a contract covering other goods and/or services, then the amount of revenue recognised is an appropriate proportion of the total transaction price under the contract, allocated between all the goods and services promised under the contract on a relative stand-alone selling price basis.

(ii) Sale of properties

Revenue arising from the sale of properties developed for sale in the ordinary course of business is recognised when legal assignment is completed, which is the point in time when the customer has the ability to direct the use of the property and obtain substantially all of the remaining benefits of the property. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the statement of financial position under contract liabilities (see Note 2(m)).

(iii) Property management services and value-added services to non-property owners

Property management services

For property management services, the Group bills a fixed amount for each month of service provided and recognises revenue in the amount to which the Group has the right to invoice based on the value of performance completed on a monthly basis.

For property management services income arising from properties managed under lump sum basis, where the Group acts as principal, the Group entitles to revenue at the value of property management services fee received or receivable. For property management services income arising from properties managed under commission basis, where the Group acts as an agent of the property owners, the Group entitles to revenue at a pre-determined percentage or fixed amount of the property management services fees the property owners are obligated to pay.

Value-added services to non-property owners

Value-added services to non-property owners mainly include sales office and display unit management and pre-delivery support services, landscape engineering services, and engineering operations and maintenance services. The Group recognises revenue when such services have been provided, and these services are normally billable immediately upon the services are rendered or in instalments at certain milestones.

If contracts involve the provision of multiple services, the transaction prices are allocated to each performance obligation based on their relative stand-alone selling prices. If the stand-alone selling prices are not directly observable, they are estimated based on expected cost plus a margin or adjusted market assessment approach, depending on the availability of observable information.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in HK\$ unless otherwise indicated)

2 Significant accounting policies (*continued*)

(v) Revenue and other income (*continued*)

(iv) Service income

Service income from the rendering of services is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation using input method.

(v) Commission income

Commission income is recognised upon the completion of the related sale of goods and provision of services.

(vi) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are earned.

(vii) Interest income

Interest income is recognised as it accrues under the effective interest method using the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset (see Note 2(k)(i)).

(viii) Dividend income

Dividend income from unlisted investments is recognised when the shareholders' right to receive payment is established.

(w) Foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss, except those arising from foreign currency borrowings used to hedge a net investment in a foreign operation which are recognised in other comprehensive income.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. The transaction date is the date on which the Company initially recognises such non-monetary assets or liabilities. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in HK\$ unless otherwise indicated)

2 Significant accounting policies (*continued*)

(w) Foreign currencies (*continued*)

These financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency. The functional currencies of certain subsidiaries are currencies other than the Hong Kong dollars. The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items, including goodwill arising on consolidation of foreign operations acquired on or after 1 January 2005, are translated into Hong Kong dollars at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

(x) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(y) Non-current assets held for sale and discontinued operations

(i) *Non-current assets held for sale*

A non-current asset (or disposal group) is classified as held for sale if it is highly probable that its carrying amount will be recovered through a sale transaction rather than through continuing use and the asset (or disposal group) is available for sale in its present condition. A disposal group is a group of assets to be disposed of together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all the assets and liabilities of that subsidiary are classified as held for sale when the above criteria for classification as held for sale are met, regardless of whether the Group will retain a non-controlling interest in the subsidiary after the sale.

Immediately before classification as held for sale, the measurement of the non-current assets (and all individual assets and liabilities in a disposal group) is brought up-to-date in accordance with the accounting policies before the classification. Then, on initial classification as held for sale and until disposal, the non-current assets (except for certain assets as explained below), or disposal groups, are recognised at the lower of their carrying amount and fair value less costs to sell. The principal exceptions to this measurement policy so far as the financial statements of the Group and the Company are concerned are deferred tax assets, assets arising from employee benefits, financial assets (other than investments in subsidiaries, associates and joint ventures) and investment properties. These assets, even if held for sale, would continue to be measured in accordance with the policies set out elsewhere in Note 2.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in HK\$ unless otherwise indicated)

2 Significant accounting policies (*continued*)

(y) Non-current assets held for sale and discontinued operations (*continued*)

(i) Non-current assets held for sale (*continued*)

Impairment losses on initial classification as held for sale, and on subsequent remeasurement while held for sale, are recognised in profit or loss. As long as a non-current asset is classified as held for sale, or is included in a disposal group that is classified as held for sale, the non-current asset is not depreciated or amortised.

(ii) Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. It also occurs if the operation is abandoned.

Where an operation is classified as discontinued, a single amount is presented on the face of the statement of profit or loss, which comprises:

- the post-tax profit or loss of the discontinued operation; and
- the post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group(s) constituting the discontinued operation.

(z) Related parties

- (a) A person, or a close member of that person's family, is related to the Group if that person:
- (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or the Group's parent.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in HK\$ unless otherwise indicated)

2 Significant accounting policies (*continued*)

(z) Related parties (*continued*)

(b) An entity is related to the Group if any of the following conditions applies:

- (i) The entity and the Group are members of the same group.
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(aa) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in HK\$ unless otherwise indicated)

3 Accounting judgement and estimates

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Apart from Note 13 containing information about the assumptions and their risk factors relating to valuation of investment properties, key sources of estimation uncertainty in the preparation of the consolidated financial statements are as follows:

(i) Expected credit losses of receivables

The management maintains an allowance for receivables for expected credit losses resulting from the inability of the debtors to make the required payments. The management bases the estimates on the historical credit loss experience, adjusted for factors that are specific to the debtors and assessments of both current and forecast general economic condition. If the financial condition of the debtors were to deteriorate, and/or the existing/forecast changes have a negative impact on the general economic conditions, expected credit losses would be higher than estimated.

(ii) Valuation of investment properties

As described in Note 13, investment properties representing commercial premises for leasing to commercial tenants are stated at fair value based on the valuation performed by an independent firm of professional surveyors. In determining the fair value of investment properties, the valuer has based on a method of valuation which involves, inter alia, certain estimates mainly including capitalisation rates and prevailing market rents for comparable commercial properties. In relying on the valuation report, management has exercised their judgement and are satisfied that the method of valuation is reflective of the current market conditions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in HK\$ unless otherwise indicated)

4 Revenue and segment reporting

(a) Revenue

The Group is principally engaged in the property management and leasing services businesses for residential and commercial properties, the diversified tourism products and services businesses and the integrated development businesses. Further details regarding the Group's principal activities are disclosed in Note 4(b).

(i) Disaggregation of revenue

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

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

Disaggregation of revenue from contracts with customers by the timing of revenue recognition and by geographic markets is disclosed in Notes 4(b)(i) and 4(b)(ii) respectively.

For the year ended 31 December 2021, the Group had transactions with a customer (i.e. Orient Victory Property Development Group Co., Ltd. (“OVPD”), which is wholly-owned by Mr. Shi Baodong, the controlling shareholder of the Company) and entities under its control in the integrated development segment and the property management segment, contributing total revenue of approximately \$40,615,000 to the Group (2020: OVPD and entities under its control in the integrated development segment contributing total revenue of approximately \$34,598,000) and representing over 10% of the Group's revenue for the year. Details of concentrations of credit risk are set out in Note 36(a).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in HK\$ unless otherwise indicated)

4 Revenue and segment reporting (*continued*)

(a) Revenue (*continued*)

(ii) *Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date*

For property management services, the Group recognises revenue when the services are provided on monthly basis and recognises to which the Group has a right to invoice and that corresponds directly with the value of performance completed. The Group has elected the practical expedient for not to disclose the remaining performance obligations for this type of contracts. The majority of the property management services do not have a fixed term.

For value-added services to non-property owners, they are rendered in short period of time and there is no significant unsatisfied performance obligation at the end of the reporting period.

(b) Segment reporting

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

Continuing reportable segments:

- The diversified tourism products and services segment, which comprises the sale of air tickets and other tourism products, and provision of travel related and other services principally to corporate clients.
- The integrated development segment, which involves the development and operation of tourism and cultural attractions, sales of products, and other services.
- The property management segment, which involves the provision of property management and leasing services for residential and commercial properties. As detailed in Note 32, the Group acquired entities engaging in such businesses during the year ended 31 December 2021 and presented as a new separate business segment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in HK\$ unless otherwise indicated)

4 Revenue and segment reporting (*continued*)

(b) Segment reporting (*continued*)

Discontinued reportable segments:

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

(i) *Segment results, assets and liabilities*

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in HK\$ unless otherwise indicated)

4 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 years ended 31 December 2021 and 2020 are set out below.

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

Note: The restatement of comparative information is attributable to the discontinued operations as disclosed in Note 8, and the reclassification of head office and corporate income, expenses, assets and liabilities as corporate and unallocated items from the investment holding segment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in HK\$ unless otherwise indicated)

4 Revenue and segment reporting (continued)

(b) Segment reporting (continued)

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

5 Other income

	2021 \$'000	2020 \$'000
		(Restated)
Interest income	3,171	2,916

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in HK\$ unless otherwise indicated)

6 Loss before taxation

Loss before taxation is arrived at after charging:

(a) Finance costs

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

(b) Staff costs (including directors' emoluments (Note 9))

	2021 \$'000	2020 \$'000 (Restated)
Wages, salaries and other benefits	21,519	29,125
Pension scheme contributions	878	679
Equity-settled share-based payment expenses (Note 28)	159	148
	22,556	29,952

(c) Other items

	2021 \$'000	2020 \$'000 (Restated)
Cost of inventories sold (Note 18(b))	15,997	42,862
Amortisation cost of intangible assets (Note 14)	39	4,044
Depreciation charge (Note 13)		
– owned property, plant and equipment	5,072	3,789
– right-of-use assets	2,571	4,284
Impairment losses on non-financial assets		
– intangible assets (Note 14)	4,213	-
– goodwill	-	15,404
Impairment losses on trade receivables (Note 36(a))	1,059	5,916
Auditors' remuneration	5,707	3,538

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in HK\$ unless otherwise indicated)

7 Income tax in the consolidated statement of profit or loss

(a) Taxation in the consolidated statement of profit or loss represents:

	2021 \$'000	2020 \$'000 (Restated)
Current tax – Mainland China		
Provision for the year	4,494	49
Deferred tax		
Origination and reversal of temporary differences (Note 29(b))	1,175	(2,033)
Net tax charge/(credit) for the year	5,669	(1,984)

(b) Reconciliation between income tax expense and accounting loss at applicable tax rates:

	2021 \$'000	2020 \$'000 (Restated)
Loss before taxation	(21,254)	(61,375)
Notional tax on loss before taxation, calculated at the rates applicable to profits in the jurisdictions concerned	(2,411)	(13,577)
Tax effect of non-deductible expenses	14	40
Tax effect of share of loss of an associate	(10)	–
Tax effect of non-taxable income	(968)	(256)
Tax effect of utilisation of previously unrecognised tax losses	–	(176)
Tax effect of unused tax losses and temporary differences not recognised	9,044	11,985
Actual tax expense	5,669	(1,984)

Notes:

- (i) Provision for Hong Kong Profits Tax for 2021 is calculated at 16.5% (2020: 16.5%) of the estimated assessable profits for the year. The Company and the subsidiaries of the Group incorporated in Hong Kong did not have assessable profits subject to Hong Kong Profits Tax for 2021 (2020: \$Nil).
- (ii) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (the “BVI”), the Company and the subsidiaries of the Group incorporated in the Cayman Islands and the BVI are not subject to any income tax in the Cayman Islands and the BVI.
- (iii) Pursuant to the rules and regulations of the PRC, the Group’s subsidiaries established in the mainland of the PRC (“Mainland China”) are subject to PRC Corporate Income Tax at the statutory rate of 25% during the year ended 31 December 2021 (2020: 25%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in HK\$ unless otherwise indicated)

8 Discontinued operations

(a) Disposal of discontinued operation in 2021

Pursuant to a shareholder resolution of 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 the OVNZ Group. The liquidation of the OVNZ Group was completed on 5 November 2021.

The consolidated results of the OVNZ Group accounted for by the Group for the period from 1 January 2021 to 5 November 2021 have been presented as a discontinued operation in the Group's consolidated financial statements and the comparative figures of the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, and corresponding notes have been restated to show the discontinued operation separately from continuing operations.

(b) Disposal of discontinued operation in 2020

On 26 March 2020, Shenzhen Dongsheng Huamei Cultural Travel Company Limited, an indirect wholly-owned subsidiary of the Company entered into an equity transfer agreement with Orient Victory Cultural Tourism Group Co., Limited ("OVCT", which is owned as to 98% by Mr. Shi Baodong, the controlling shareholder of the Company) to sell its 49% equity interest in China Comfort for a cash consideration of RMB320,000,000 (equivalent to approximately \$359,412,000). The interest in China Comfort was acquired by the Group in 2015. China Comfort is engaged in the provision of travel agent services in the PRC, including domestic travel, outbound travel and inbound travel, and provision of brand name for the franchisees. It has been accounted for using the equity method of accounting in the Group's consolidated financial statements since the date of acquisition.

The disposal of China Comfort was completed on 15 October 2020. Accordingly, the Group ceased to hold any interest in China Comfort. Under the equity transfer agreement, upon completion of the transaction, OVCT also repaid on behalf of China Comfort its borrowings from the Group at the amount of RMB32,340,000 (equivalent to approximately \$36,323,000).

The consolidated results of China Comfort and its subsidiaries accounted for by the Group for the period from 1 January 2020 to 15 October 2020 have been presented as a discontinued operation in the Group's consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in HK\$ unless otherwise indicated)

8 Discontinued operations *(continued)*

(c) Results of discontinued operations, including both the interests in the OVNZ Group and China Comfort

	Period from 1 January 2021 to 5 November 2021 \$'000	2020 \$'000 (Restated)
Revenue	-	45,857
Cost of sales	-	(39,970)
Gross profit	-	5,887
Other income	177	23
Selling, general and administrative expenses	(981)	(3,616)
Gain on disposal of assets held for sale (Note 23)	9,299	-
Valuation gains on investment properties	-	1,457
Share of loss of an associate	-	(14,256)
Profit/(loss) from operations	8,495	(10,505)
Finance cost	(129)	(58)
Profit/(loss) before taxation	8,366	(10,563)
Income tax expense	(1,882)	(658)
Profit/(loss) for the year	6,484	(11,221)
(Loss)/gain on disposal of discontinued operations	(295)	25,686
Profit for the year from discontinued operations	6,189	14,465
Attributable to:		
Equity shareholders of the Company	6,189	14,465

Note: Pursuant to the rules and regulations of the New Zealand, the Group's subsidiaries established in the New Zealand are subject to the Business Income Tax at the statutory rate of 28% during the year (2020: 28%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in HK\$ unless otherwise indicated)

8 Discontinued operations (*continued*)

(d) Cash flows used in discontinued operations, including both the interests in the OVNZ Group and China Comfort

	Period from 1 January 2021 to 5 November 2021 \$'000	2020 \$'000
Net cash generated from operating activities	53,221	3,438
Net cash generated from investing activities	1,059	675
Net cash used in financing activities	(68,650)	(7,343)
Net cash used in discontinued operations	(14,370)	(3,230)

9 Directors' emoluments

Directors' emoluments disclosed pursuant to section 383(1) of the Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	Directors' fees \$'000	Salaries, allowances and benefits in kind \$'000	Pension scheme contributions \$'000	2021 Total \$'000
Chairman				
Mr. Shi Baodong	-	18	18	36
Executive directors				
Mr. Zhao Huining	-	-	-	-
Mr. Mo Yueming	-	-	-	-
Non-executive director				
Ms. Song Sining	-	-	-	-
Independent non-executive directors				
Mr. Dong Xiaojie	150	-	-	150
Mr. He Qi	150	-	-	150
Mr. Suei Feng-jih	150	-	-	150
	450	18	18	486

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in HK\$ unless otherwise indicated)

9 Directors' emoluments (*continued*)

	Directors' fees \$'000	Salaries, allowances and benefits in kind \$'000	Pension scheme contributions \$'000	2020 Total \$'000
Chairman				
Mr. Shi Baodong	–	1,920	18	1,938
Executive directors				
Mr. Zhao Huining	–	–	–	–
Mr. Mo Yueming	–	–	–	–
Non-executive director				
Ms. Song Sining	–	–	–	–
Independent non-executive directors				
Mr. Dong Xiaojie	150	–	–	150
Mr. He Qi	150	–	–	150
Mr. Swei Feng-jih	150	–	–	150
	450	1,920	18	2,388

For the year ended 31 December 2021, Mr. Shi Baodong agreed to waive his director's remuneration of \$1,922,000 (2020: Mr. Shi Baodong and Mr. Zhao Huining agreed to waive their director's remuneration of \$20,000 and \$1,294,000, respectively).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in HK\$ unless otherwise indicated)

10 Individuals with highest emoluments

Of the five individuals with the highest emoluments, none (2020: one) is director whose emolument is disclosed in Note 9. The aggregate of the emoluments in respect of the other five (2020: four) individuals are as follows:

	2021 \$'000	2020 \$'000
Salaries, allowances and benefits in kind	5,224	4,866
Pension scheme contributions	54	36
	5,278	4,902

The emoluments of the five (2020: four) individuals with the highest emoluments are within the following bands:

	2021 Number of individuals	2020 Number of individuals
\$Nil – \$1,000,000	3	2
\$1,000,001 – \$1,500,000	1	1
\$1,500,001 – \$2,000,000	1	1

11 Dividend

The board of directors of the Company does not recommend the payment of a final dividend for the year ended 31 December 2021 (2020: \$Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in HK\$ unless otherwise indicated)

12 Loss per share

(a) Basic loss per share

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

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

	2021 \$'000	2020 \$'000
Loss attributable to the equity shareholders of the Company	(10,408)	(23,559)
Distribution paid to the holders of perpetual convertible securities (Note 31)	(7,937)	–
Accrued distribution to the holders of perpetual convertible securities (Note 31)	(4,200)	(4,200)
Loss for the purpose of calculating basic loss per share	(22,545)	(27,759)

(ii) Weighted average number of ordinary shares

	2021 and 2020 '000
Issued and weighted average number of ordinary shares	12,922,075

(b) Diluted loss per share

There were no dilutive potential ordinary shares outstanding for the years ended 31 December 2021 and 2020. The effect of the deemed conversion of the perpetual convertible securities was not included in the calculation of diluted loss per share as they are anti-dilutive during the years ended 31 December 2021 and 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in HK\$ unless otherwise indicated)

13 Investment properties and property, plant and equipment

(a) Reconciliation of carrying amount

	Buildings (Note)	Land and offices leased for own use carried at cost	Furniture and leasehold improvements	Machinery and equipment	Motor vehicles	Sub-total	Investment properties	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost or valuation:								
At 1 January 2020	99,808	36,359	1,322	2,804	1,300	141,593	159,358	300,951
Additions	242	2,490	68	181	-	2,981	2,081	5,062
Disposals	-	(5,680)	(4)	-	-	(5,684)	-	(5,684)
Reclassification to assets held for sale	-	-	-	-	-	-	(30,932)	(30,932)
Exchange adjustments	6,031	1,770	21	243	16	8,081	8,896	16,977
At 31 December 2020	106,081	34,939	1,407	3,228	1,316	146,971	139,403	286,374
Representing:								
Cost	106,081	34,939	1,407	3,228	1,316	146,971	-	146,971
Valuation - 2020	-	-	-	-	-	-	139,403	139,403
	106,081	34,939	1,407	3,228	1,316	146,971	139,403	286,374
At 1 January 2021	106,081	34,939	1,407	3,228	1,316	146,971	139,403	286,374
Addition through acquisition of subsidiaries (Note 32)	-	-	-	2,860	-	2,860	102,969	105,829
Additions	1,513	2,424	346	1,274	3,224	8,781	-	8,781
Fair value adjustment	-	-	-	-	-	-	3,144	3,144
Decrease through disposal of subsidiaries (Notes 8, 17)	-	(540)	-	(16)	-	(556)	(147,915)	(148,471)
Disposals	-	(4,064)	(745)	(150)	-	(4,959)	-	(4,959)
Exchange adjustments	2,658	605	9	164	65	3,501	2,998	6,499
At 31 December 2021	110,252	33,364	1,017	7,360	4,605	156,598	100,599	257,197
Representing:								
Cost	110,252	33,364	1,017	7,360	4,605	156,598	-	156,598
Valuation - 2021	-	-	-	-	-	-	100,599	100,599
	110,252	33,364	1,017	7,360	4,605	156,598	100,599	257,197

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in HK\$ unless otherwise indicated)

13 Investment properties and property, plant and equipment (*continued*)

(a) Reconciliation of carrying amount (*continued*)

	Buildings \$'000	Land and offices leased for own use carried at cost \$'000	Furniture and leasehold improvements \$'000	Machinery and equipment \$'000	Motor vehicles \$'000	Sub-total \$'000	Investment properties \$'000	Total \$'000
Accumulated amortisation and depreciation:								
At 1 January 2020	(2,835)	(4,064)	(464)	(924)	(1,136)	(9,423)	-	(9,423)
Charge for the year	(2,897)	(4,284)	(271)	(570)	(51)	(8,073)	-	(8,073)
Disposal	-	2,607	4	-	-	2,611	-	2,611
Exchange adjustments	(438)	(113)	(28)	(100)	(12)	(691)	-	(691)
At 31 December 2020	(6,170)	(5,854)	(759)	(1,594)	(1,199)	(15,576)	-	(15,576)
At 1 January 2021	(6,170)	(5,854)	(759)	(1,594)	(1,199)	(15,576)	-	(15,576)
Charge for the year	(3,100)	(2,392)	(129)	(1,798)	(224)	(7,643)	-	(7,643)
Disposal	-	3,589	745	109	-	4,443	-	4,443
Decrease through disposal of subsidiaries (Notes 8, 17)	-	464	-	9	-	473	-	473
Exchange adjustments	(247)	(62)	(13)	(72)	(46)	(440)	-	(440)
At 31 December 2021	(9,517)	(4,255)	(156)	(3,346)	(1,469)	(18,743)	-	(18,743)
Net book value:								
At 31 December 2021	100,735	29,109	861	4,014	3,136	137,855	100,599	238,454
At 31 December 2020	99,911	29,085	648	1,634	117	131,395	139,403	270,798

Note: As at 31 December 2021, the Group is in process of applying for certificates of ownership for certain buildings with carrying amount of \$66,852,000 (2020: \$66,799,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in HK\$ unless otherwise indicated)

13 Investment properties and property, plant and equipment (continued)

(b) Fair value measurement of properties

(i) Fair value hierarchy

The following table presents the fair value of the Group's properties measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

	Fair value at	Fair value measurements as at		
	31 December	31 December 2021 categorised into		
	2021	Level 1	Level 2	Level 3
	\$'000	\$'000	\$'000	\$'000
Recurring fair value measurement				
Investment properties:				
Commercial premises for leasing to tenants – Mainland China	100,599	–	–	100,599

	Fair value at	Fair value measurements as at		
	31 December	31 December 2020 categorised into		
	2020	Level 1	Level 2	Level 3
	\$'000	\$'000	\$'000	\$'000
Recurring fair value measurement				
Investment properties under development:				
Residential – Mainland China	139,403	–	139,403	–
Investment properties held for sale:				
Residential – New Zealand	32,389	–	32,389	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in HK\$ unless otherwise indicated)

13 Investment properties and property, plant and equipment *(continued)*

(b) Fair value measurement of properties *(continued)*

(i) Fair value hierarchy *(continued)*

During the year ended 31 December 2021, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2020: \$Nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

All of the Group's investment properties, representing commercial premises for leasing to commercial tenants were revalued as at 31 December 2021. The valuations were carried out by an independent firm of surveyors, Vincorn Consulting and Appraisal Limited located in Hong Kong, who has among its staff Fellows of the Hong Kong Institute of Surveyors and has recent experience in the location and category of property being valued. The Group's property management manager and the senior management have discussion with the surveyor on the valuation assumptions and valuation results when the valuations are performed at the annual reporting date.

(ii) Information about Level 3 fair value measurements

	Valuation techniques	Unobservable input	Range	Relationship of unobservable inputs to fair value
Investment properties				
Commercial premises for leasing to tenants – Mainland China	Income approach	Capitalisation rates	9.5%	The higher the capitalisation rate, the lower the market value
		Prevailing market rents	Unit per sq.m. per month: RMB24 to RMB206	The higher the unit rent, the higher the market value

The fair value of investment properties located in the Mainland China is determined by discounting a projected cash flow series associated with the properties using risk-adjusted discount rates. The valuation takes into account prevailing market rents of the respective properties. The discount rates used have been adjusted for the quality and location of the buildings and the tenant credit quality. The fair value measurement is positively correlated to the prevailing market rents, and negatively correlated to the risk-adjusted discount rates.

The Group leased out investment properties under operating lease. The leases typically run for an initial period of 1 to 8 years, with an option to renew the leases after that date at which time all terms are renegotiated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in HK\$ unless otherwise indicated)

13 Investment properties and property, plant and equipment (*continued*)

(b) Fair value measurement of properties (*continued*)

(ii) Information about Level 3 fair value measurements (*continued*)

Undiscounted lease payments under non-cancellable operating leases in place at the reporting date will be receivable by the Group in future periods as follows:

	2021 \$'000
Within 1 year	23,110
After 1 year but within 2 years	20,621
After 2 years but within 3 years	17,985
After 3 years but within 4 years	15,842
After 4 years but within 5 years	11,830
After 5 years	2,061
	91,449

The movements during the period in the balance of these Level 3 fair value measurements are as follows:

	2021 \$'000
Investment properties – Commercial premises for leasing to commercial tenants – Mainland China	
At 1 January	–
Addition through acquisition of subsidiaries (Note 32)	102,969
Fair value adjustment	(3,785)
Exchange adjustments	1,415
At 31 December	100,599

Fair value adjustment of investment properties is recognised in the line item “net valuation gains on investment properties” on the face of the consolidated statement of profit or loss.

All the gains/(losses) recognised in profit or loss for the year arise from the properties held at the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in HK\$ unless otherwise indicated)

13 Investment properties and property, plant and equipment *(continued)*

(c) Right-of-use assets

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

	Notes	2021 \$'000	2020 \$'000
Land leased for own use, carried at depreciated cost, with lease term of 40 years	(i)	27,484	27,503
Offices leased for own use, carried at depreciated cost	(ii)	1,625	1,582
		29,109	29,085
Motor vehicles leased for own use, carried at depreciated cost	(iii)	3,042	–
		32,151	29,085

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	2021 \$'000	2020 \$'000
Depreciation charge of right-of-use assets by class of underlying asset:		
– Land leased for own use	735	688
– Offices leased for own use	1,657	3,596
	2,392	4,284
– Motor vehicles leased for own use	179	–
	2,571	4,284
Interest on lease liabilities (Note 6(a))	1,773	156
Expenses relating to short-term leases	337	960

During the year, additions to right-of-use assets were \$5,645,000 (2020: \$2,490,000). This amount primarily related to the capitalised lease payments payable under new leasing agreements. The disposal of right-of-use assets at the carrying amount of \$551,000 (2020: \$3,073,000) related to the termination of certain office lease contracts and deemed disposal of a subsidiary.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in HK\$ unless otherwise indicated)

13 Investment properties and property, plant and equipment *(continued)*

(c) Right-of-use assets *(continued)*

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in Notes 22(b) and 27, respectively.

(i) Land leased for own use

The Group leases land for its operation of tourism and cultural attractions, where the buildings and facilities are primarily located. The Group is the registered owner of the land. Lump sum payments were made upfront to acquire the land from the previous registered owner, and there are no ongoing payments to be made under the terms of the land lease.

(ii) Offices leased for own use

The Group leases offices under leases expiring in 1 to 3 years. None of the leases includes variable lease payments.

(iii) Other leases

The Group leases motor vehicles under leases expiring in 3 years. None of the leases includes variable lease payments.

14 Intangible assets

	Travel licences and others \$'000	Software \$'000	Total \$'000
Cost:			
At 1 January 2020	7,720	123	7,843
Exchange adjustments	526	8	534
At 31 December 2020 and 1 January 2021	8,246	131	8,377
Addition through acquisition of a subsidiary (Note 32)	-	133	133
Exchange adjustments	332	5	337
At 31 December 2021	8,578	269	8,847
Accumulated amortisation:			
At 1 January 2020	-	(30)	(30)
Charge for the year	(4,008)	(36)	(4,044)
Exchange adjustments	(244)	(4)	(248)
At 31 December 2020 and 1 January 2021	(4,252)	(70)	(4,322)
Charge for the year	-	(39)	(39)
Impairment loss	(4,213)	-	(4,213)
Exchange adjustments	(113)	(1)	(114)
At 31 December 2021	(8,578)	(110)	(8,688)
Carrying amount:			
At 31 December 2021	-	159	159
At 31 December 2020	3,994	61	4,055

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15 Goodwill

Goodwill related to the acquisition of Hebei Tu Men Travel Development Limited (“Tu Men Travel”) and Beijing Jinlv Shidai Tourism Co., Limited (“Jinlv Shidai”). Both Tu Men Travel and Jinlv Shidai had fully impaired the goodwill in the previous year.

16 Investments in subsidiaries

The following list only contains the particulars of the subsidiaries at 31 December 2021 which principally affected the results, assets or liabilities of the Group.

Name of company	Place of incorporation/ establishment and business	Particulars of issued/registered and paid-up capital	Proportion of ownership interest			Principal activities
			The Group's effective interest	Held by the Company	Held by a subsidiary	
Shenzhen Dongsheng Huamei Cultural Travel Company Limited (深圳東勝華美文化旅游有限公司) (Note (i))	Mainland China	Note (iii)	100%	-	100%	Investment holding
Four Seas Tours Limited (“Four Seas Tours”)	Hong Kong	3,000,000 shares	65%	-	65%	Sale of air tickets and provision of other travel related services
Hong Kong Orient Victory China Cultural & Tourism Industrial Development Limited (“HK Cultural & Tourism”)	Hong Kong	500,000 shares	51%	-	51%	Tourism business
Tu Men Travel (河北土門旅游開發有限公司) (Note (ii))	Mainland China	Note (iv)	55%	-	55%	Tourism business
Dongsheng (Beijing) International Travel Company Limited (“Dongsheng Beijing”) (東勝(北京)國際旅行社有限公司) (Note (i))	Mainland China	Note (v)	100%	-	100%	Tourism business
Jinlv Shidai (北京金旅時代旅行社有限公司) (Note (ii))	Mainland China	Note (vi)	51%	-	51%	Tourism business
Hebei Yidao Town Real Estate Development Limited (“Yidao Town Real Estate”) (河北驛道小鎮房地產開發有限公司) (Note (ii))	Mainland China	Note (vii)	75%	-	75%	Tourism business and property development

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16 Investments in subsidiaries (continued)

Name of company	Place of incorporation/ establishment and business	Particulars of issued/registered and paid-up capital	Proportion of ownership interest			Principal activities
			The Group's effective interest	Held by the Company	Held by a subsidiary	
Shijiazhuang Dongsheng Property Management Services Company Limited ("Dongsheng PMS") (石家莊市東勝物業服務有限公司) (Note (i))	Mainland China	Note (viii)	100%	-	100%	Property management and leasing related service
Shijiazhuang Jiayan Business Management Company Limited ("Jiayan") (石家莊嘉言商業管理有限公司) (Note (i))	Mainland China	Note (ix)	100%	-	100%	Leasing related service
Shijiazhuang Jiaxun Business Management Company Limited ("Jiaxun") (石家莊嘉勛商業管理有限公司) (Note (i))	Mainland China	Note (x)	100%	-	100%	Leasing related service
Beijing Haichuang Ecological Environment Engineering Company Limited (北京海創生態環境工程有限公司) (Note (ii))	Mainland China	Note (xi)	51%	-	51%	Ecological environment engineering

Notes:

- (i) The English translation of the name is for reference only. The official name of the entity is in Chinese. The entity is a limited liability company and wholly domestic owned enterprise registered as under PRC law.
- (ii) The English translation of the name is for reference only. The official name of the entity is in Chinese. The entity is a limited liability company and local joint venture registered as under PRC law.
- (iii) The registered capital of this entity is RMB450,000,000. As of 31 December 2021, the registered capital has not been paid up.
- (iv) The registered capital of this entity is RMB66,486,000. As of 31 December 2021, the registered capital has not been fully paid up.
- (v) The registered capital of this entity is RMB10,000,000. As of 31 December 2021, the registered capital has not been paid up.
- (vi) The registered capital of this entity is RMB5,000,000. As of 31 December 2021, the registered capital has not been paid up.
- (vii) The registered capital of this entity is RMB120,000,000. As of 31 December 2021, the registered capital has not been paid up.
- (viii) The registered capital of this entity is RMB60,000,000. As of 31 December 2021, the registered capital has not been fully paid up.
- (ix) The registered capital of this entity is RMB1,000,000. As of 31 December 2021, the registered capital has not been paid up.
- (x) The registered capital of this entity is RMB1,000,000. As of 31 December 2021, the registered capital has not been paid up.
- (xi) The registered capital of this entity is RMB20,000,000. As of 31 December 2021, the registered capital has not been fully paid up.

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16 Investments in subsidiaries (*continued*)

(a) Details of the Group's subsidiaries that have material non-controlling interests are set out below:

	2021	2020
Percentage of equity interest held by non-controlling interests:		
<i>Continuing operations</i>		
- Tu Men Travel	45%	45%
- Zhangjiakou Dakun Zhifang Real Estate Development Co., Limited ("Dakun Zhifang") (張家口大坤直方房地產開發有限公司) (Note 17)	N/A	60%
	2021	2020
	\$'000	\$'000
(Loss)/profit for the year allocated to non-controlling interests:		
<i>Continuing operations</i>		
- Tu Men Travel	(1,686)	(1,183)
- Dakun Zhifang (Note 17)	2,363	(10,802)
	2021	2020
	\$'000	\$'000
Accumulated balances of non-controlling interests at the reporting period:		
<i>Continuing operations</i>		
- Tu Men Travel	32,500	33,462
- Dakun Zhifang (Note 17)	N/A	45,038

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(Expressed in HK\$ unless otherwise indicated)

16 Investments in subsidiaries (continued)

(a) Details of the Group's subsidiaries that have material non-controlling interests are set out below: (continued)

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

	Continuing Operations			
	Tu Men Travel		Dakun Zhifang	
	2021 \$'000	2020 \$'000	Period from 1 January 2021 to 3 September 2021 \$'000	2020 \$'000
Revenue	27,058	30,886	-	-
Cost of sales and services	(21,880)	(24,662)	-	-
Valuation gains on investment properties	-	-	6,929	-
Operating expenses	(8,925)	(8,853)	(2,991)	(18,003)
(Loss)/profit for the year/period	(3,747)	(2,629)	3,938	(18,003)
Non-current assets	129,556	129,401	147,998	139,414
Current assets	13,454	6,466	100,015	248,798
Current liabilities	(67,442)	(57,831)	(156,868)	(304,792)
Non-current liabilities	(3,346)	(3,676)	(10,195)	(8,357)
Net assets	72,222	74,360	80,950	75,063

17 Investment in an associate

	Note	2021 \$'000	2020 \$'000
Interest in Dakun Zhifang	(b)	32,916	-
Share of profit of Dakun Zhifang	(b)	41	-
Advances to Dakun Zhifang	(c)	153,943	-

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17 Investment in an associate (continued)

The following table lists out the particulars of Dakun Zhifang, which is an unlisted entity.

Name of associate	Place of establishment	Particulars of registered and paid-up capital	Proportion of ownership interest			Principal activities
			The Group's effective interest	Held by the Company	Held by a subsidiary	
Dakun Zhifang	Mainland China	RMB5,000,000	40%	-	40%	Real estate development and sales and other related service

Dakun Zhifang has been accounted for as a subsidiary of the Group since 29 March 2019. The Group held 40% equity interest in Dakun Zhifang and had the power to control the entity through the entity's articles of association which authorised the Group to appoint the majority of the board of directors.

On 2 September 2021, an individual minority shareholder of Dakun Zhifang entered into a sale and purchase agreement with OVPD, which is owned by Mr. Shi, the controlling shareholder of the Company, to transfer her 20% equity interest in Dakun Zhifang to OVPD. Upon completion of the transaction, OVPD held 60% equity interest in Dakun Zhifang in total. On 3 September 2021, the shareholders of Dakun Zhifang passed a shareholders' resolution and revised the articles of association which authorised OVPD to appoint the majority of the board of directors. Since that date, the Group lost the control of Dakun Zhifang and hence Dakun Zhifang has ceased to be a subsidiary of the Group and has been accounted for using the equity method in the Group's consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in HK\$ unless otherwise indicated)

17 Investment in an associate (*continued*)

(a) The assets and liabilities of Dakun Zhifang as at 3 September 2021 (the date of changing from a subsidiary to an associate of the Group) were as follows:

	\$'000
Property, plant and equipment	83
Investment properties	147,915
Inventories	99,349
Other current assets	560
Cash and cash equivalents	106
Amounts due to the Group, net (Note (c))	(151,606)
Other current liabilities	(5,262)
Deferred tax liabilities	(10,195)
Total identifiable net assets	80,950
Non-controlling interests	(48,570)
The Group's share of net assets disposed	32,380
Consideration satisfied in cash	-
Less: cash and cash equivalents in Dakun Zhifang	106
Net cash outflow	(106)

(b) Summarised financial information of Dakun Zhifang as at 31 December 2021

Summarised financial information of Dakun Zhifang, adjusted for fair value adjustments made at the date of acquisition and any differences in accounting policies, and reconciled to the carrying amounts in the consolidated financial statements as at 31 December 2021 is disclosed below:

	2021 \$'000
Gross amounts of Dakun Zhifang's	
Property, plant and equipment	5
Investment properties (Note (c))	150,685
Inventories (Note (c))	103,006
Cash and cash equivalents	295
Other current assets	532
Amounts due to the Group (Note (c))	(153,943)
Other current liabilities	(7,816)
Deferred tax liabilities	(10,474)
Equity attributable to the Group	82,290
Group's effective interest	40%
Group's share of net assets of Dakun Zhifang and carrying amount in the consolidated financial statements	32,916

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(Expressed in HK\$ unless otherwise indicated)

17 Investment in an associate (continued)

(b) Summarised financial information of Dakun Zhifang as at 31 December 2021 (continued)

	From 3 September 2021 to 31 December 2021 \$'000
Revenue for the period	–
Profit for the period	102
Group's effective interest	40%
Group's share of profit of Dakun Zhifang in the consolidated financial statements	41

(c) Pledge of assets of Dakun Zhifang and advances to Dakun Zhifang

Pursuant to an agreement dated 6 September 2021 entered into between Dakun Zhifang and China Huarong Assets Management Co., Ltd. Hebei Branch (“Hebei Huarong”), the land held by Dakun Zhifang located in Hebei Province in Mainland China (the “Pledge”), which was recognised as investment properties and inventories with net carrying amounts of \$150,685,000 and \$103,006,000 respectively as at 31 December 2021, together with other assets owned by Mr. Shi Baodong, were pledged to Hebei Huarong to secure the repayments of certain borrowings obtained by entities controlled by Mr. Shi Baodong in an aggregate principal amount of RMB556,600,000 (equivalent to approximately \$680,773,000).

As at 31 December 2021, the Group's advances to Dakun Zhifang (which were made while it was a subsidiary of the Company) (the “Advances”) 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 Baodong, which shall be remitted into an escrow bank account (the “Arrangement”). As such, the directors of the Company consider that the risk associated with the Pledge and the credit risk arising from the Advances are significantly mitigated by the Arrangement with reference to the estimated market value of the properties as at 31 December 2021 and that no provision is necessary.

Further details on the Group's credit risk arising from the Advances are set out in Note 36(a).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in HK\$ unless otherwise indicated)

18 Inventories

(a) Inventories in the consolidated statement of financial position comprise:

	2021	2020
	\$'000	\$'000
Raw materials	629	355
Property development		
– Land held for future development for sale	15,756	214,265
	16,385	214,620

The amount of land held for future development expected to be recovered after more than one year is \$15,756,000 (2020: \$214,265,000). All of the other inventories are expected to be recovered within one year.

(b) The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	2021	2020
	\$'000	\$'000
		(Restated)
Carrying amount of inventories sold	15,997	42,862

(c) The analysis of carrying value of land held for property development for sale is as follows:

	2021	2020
	\$'000	\$'000
In Mainland China, with lease term of:		
– 40 years (medium-term leases)	15,756	111,921
– 70 years (long-term leases)	–	102,344
	15,756	214,265

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in HK\$ unless otherwise indicated)

19 Trade receivables

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

Ageing analysis

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

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

For trade receivables from property management services to third parties, the Group charges property management fees on an annual or a semi-annual basis and the payment is generally due upon the issuance of demand notes. The Group's other trade receivables are due within 14 to 90 days (2020: 14 to 90 days) from the date of billing. Further details on the Group's credit policy and credit risk arising from trade receivables are set out in Note 36(a).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in HK\$ unless otherwise indicated)

20 Prepayments, deposits and other receivables

	2021	2020
	\$'000	\$'000
Receivable from a local government (Note (ii))	73,426	–
Loans to third parties (Note (iii))	61,156	–
Deposits	4,762	14,550
Amounts due from related parties	787	710
Interest receivable	82	–
Other receivables	4,716	3,910
Financial assets measured at amortised cost	144,929	19,170
Prepayments for other operating expenses (Note (iv))	15,759	9,052
Prepayments for investments (Note (v))	–	81,497
	15,759	90,549
	160,688	109,719

Notes:

- (i) All of the prepayments, deposits and other receivables are expected to be recoverable or recognised as expenses within one year.
- (ii) Pursuant to an agreement dated 28 October 2021 entered into between the Group and Luquan Branch of Shijiazhuang Natural Resources and Planning Bureau, a piece of land of the Group located in Hebei Province 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 at the carrying amount of RMB85,897,000 (equivalent to approximately \$102,344,000), for which its legal right of use was transferred back to Luquan Branch of Shijiazhuang Natural Resources and Planning Bureau for a total compensation of RMB85,033,000 (equivalent to approximately \$102,162,000). The directors of the Company are of the view that the amount are expected to be fully recoverable within one year.
- (iii) On 28 December 2021, the Group entered into loan agreements with two third parties and provided each of them a loan amounting to RMB25,000,000 (equivalent to approximately \$30,578,000) for the purpose of their payments of deposits for business projects. The loans period were within 3 months and bear an annual interest of 4.5%. The loans were fully repaid by the third parties on 4 January 2022.
- (iv) During the year ended 31 December 2021, the Group prepaid RMB10,000,000 (equivalent to approximately \$12,231,000) in aggregate to certain third parties for construction and advertisement related services to be rendered to the Group. Owing to the delay of those projects, the relevant services contracts were terminated and the prepayments were refunded to the Group in March 2022.
- (v) During the year ended 31 December 2020, pursuant to the respective investment agreements, the Group prepaid RMB33,900,000 (equivalent to approximately \$40,391,000) and RMB34,500,000 (equivalent to approximately \$41,106,000) refundable prepayments for two projects relating to development of properties for sale and leases and development of tourism attractions in Hebei Province, respectively. Owing to the continuing impact of the Pandemic over the travel industry, the Group decided not to pursue in these projects and the prepayments were refunded to the Group in March 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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21 Restricted bank deposits

	2021	2020
	\$'000	\$'000
Restricted deposit for holding travel licences	1,423	2,239

22 Cash and cash equivalents and other cash flow information

(a) Cash and cash equivalents in the consolidated statement of financial position comprise:

	2021	2020
	\$'000	\$'000
Time deposits with original maturity of less than 3 months	52,232	–
Cash at bank and on hand	202,987	179,309
Cash and cash equivalents	255,219	179,309

RMB is not freely convertible into other currencies, and the remittance of funds out of the PRC is subject to the exchange restriction imposed by the PRC government.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in HK\$ unless otherwise indicated)

22 Cash and cash equivalents and other cash flow information (*continued*)

(b) Reconciliation of liabilities arising from financing activities

	Bank loans and other borrowings \$'000	Amounts due to related parties \$'000 (Note 26)	Interest payable \$'000	Distributions payable \$'000 (Note 31)	Lease liabilities \$'000 (Note 27)	Total \$'000
At 1 January 2020	127,322	125,471	-	-	5,825	258,618
Changes from financing cash flows:						
Repayment of bank and other borrowings	(137,089)	-	-	-	-	(137,089)
Repayment to related parties	-	(126,181)	-	-	-	(126,181)
Capital element of lease rentals paid	-	-	-	-	(3,030)	(3,030)
Interest element of lease rentals paid	-	-	-	-	(156)	(156)
Interest paid	-	-	(171)	-	-	(171)
Total changes from financing cash flows	(137,089)	(126,181)	(171)	-	(3,186)	(266,627)
Other changes:						
Net decrease in lease liabilities from termination of certain leases during the period	-	-	-	-	(620)	(620)
Finance costs	9,642	-	171	-	156	9,969
Exchange adjustments	125	710	-	-	-	835
Total other changes	9,767	710	171	-	(464)	10,184
At 31 December 2020	-	-	-	-	2,175	2,175
Changes from financing cash flows:						
Proceeds from other borrowings (Note 26)	830	-	-	-	-	830
Capital element of lease rentals paid	-	-	-	-	(3,392)	(3,392)
Interest element of lease rentals paid	-	-	-	-	(1,773)	(1,773)
Interest paid	-	-	(146)	-	-	(146)
Distributions paid to holders of perpetual convertible securities	-	-	-	(7,937)	-	(7,937)
Total changes from financing cash flows	830	-	(146)	(7,937)	(5,165)	(12,418)
Other changes:						
Increase in lease liabilities from acquisition of subsidiaries	-	-	-	-	68,528	68,528
Increase in lease liabilities from entering into new leases during the period	-	-	-	-	2,253	2,253
Distributions declared (Note 31)	-	-	-	7,937	-	7,937
Finance costs	-	-	146	-	1,773	1,919
Exchange adjustments	-	-	-	-	1,910	1,910
Total other changes	-	-	146	7,937	74,464	82,547
At 31 December 2021	830	-	-	-	71,474	72,304

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(Expressed in HK\$ unless otherwise indicated)

22 Cash and cash equivalents and other cash flow information (*continued*)

(c) Total cash outflow for leases

Amounts included in the cash flow statement for leases comprise the following:

	2021	2020
	\$'000	\$'000
Within operating cash flows	(337)	(960)
Within financing cash flows	(5,165)	(3,186)
	(5,502)	(4,146)

These amounts relate to the following:

	2021	2020
	\$'000	\$'000
Lease rentals paid	(5,502)	(4,146)

23 Disposal of assets held for sale

During the year ended 31 December 2021, the Group disposed of the remaining lands under development located in New Zealand within the integrated development segment, which were classified as investment properties and inventories under development and presented as a disposal group held for sale as at 31 December 2020. A net gain on disposal in the amount of \$9,299,000 was recognised as “profit for the year from discontinued operations” in the consolidated statement of profit or loss during the year ended 31 December 2021.

(a) Fair value changes relating to the disposal group

The net changes in fair value of investment properties under development recorded in the consolidated statement of profit or loss for the year ended 31 December 2021 amounted to \$Nil (2020: \$1,457,000). The related effect on deferred tax assets amounted to \$Nil (2020: \$450,000).

(b) Cumulative income or expenses included in other comprehensive income

There are no cumulative income or expenses included in other comprehensive income relating to the disposal group.

24 Trade payables

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

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

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24 Trade payables (continued)

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

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

25 Contract liabilities

	2021	2020
	\$'000	\$'000
Receipts in advance from customers	33,833	9,555

All of the receipts in advance from customers are expected to be recognised as revenue within one year.

26 Other payables and accruals

	2021	2020
	\$'000	\$'000
Payable for acquisition of Tu Men Travel	31,968	37,695
Deposits	17,630	12,429
Payables for acquisition and construction of property, plant and equipment	10,702	21,885
Payables to air tickets customers	6,617	6,894
Accrued legal and professional fees	3,287	1,352
Receipts on behalf of property owners and tenants	2,835	–
Amounts due to a non-controlling shareholder of a subsidiary (Note)	830	163
Other accruals and payables	20,106	12,142
	93,975	92,560

Note: Pursuant to an agreement dated 1 April 2021 entered into between Jinlv Shidai and its non-controlling shareholder, the non-controlling shareholder provided short-term loans to Jinlv Shidai maturing on 31 December 2022. The loans are unsecured bearing interest at an annual interest rate of 6%.

27 Lease liabilities

At 31 December 2021, the lease liabilities were repayable as follows:

	2021	2020
	\$'000	\$'000
Within 1 year	9,024	1,740
After 1 year but within 2 years	9,458	435
After 2 years but within 5 years	23,300	–
After 5 years	29,692	–
	71,474	2,175

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28 Equity settled share-based transactions

On 25 January 2019 and 6 June 2019, the immediate parent of the Group, Orient Victory Real Estate Group Holdings Limited (“OVRE”), and certain employees of the Group and other third-party individuals as placees (the “Placees”) entered into sale and purchase agreements, under which OVRE agreed to sell and the Placees agreed to purchase 156,460,000 shares and 15,690,000 shares of the Company (collectively the “Placing Shares”) at \$0.145 per share and \$0.129 per share respectively. Pursuant to the agreements, 7 employees of the Group have purchased 4,840,000 Placing Shares.

On 12 July 2019, OVRE adopted a share award scheme (the “Scheme”) to grant awarded restricted shares of the Company (the “Awarded Shares”) to selected persons. The Scheme shall be valid and effective for 10 years.

On 22 July 2019, the board of directors of OVRE approved to grant 8,970,000 Awarded Shares of the Company at nil consideration to 15 employees of the Group under the Scheme.

The Group deemed the selling of the Placing Shares and the grant of the Awarded Shares to the Group’s employees as a combined share-based payment arrangement. Both the Placing Shares and the Awarded Shares are subject to the terms and conditions as tabulated below and the dates of the selling of the Placing Shares and the grant of the Awarded Shares are collectively referred to as the “Grant Date”:

The Grant Date	The Company’s share price as of the Grant Date	Number of the Placing Shares and the Awarded Shares	Vesting conditions
25 January 2019	\$0.180	912,000	42 months from the Grant Date
25 January 2019	\$0.180	1,824,000	54 months from the Grant Date
25 January 2019	\$0.180	1,824,000	66 months from the Grant Date
6 June 2019	\$0.160	56,000	37 months from the Grant Date
6 June 2019	\$0.160	112,000	49 months from the Grant Date
6 June 2019	\$0.160	112,000	61 months from the Grant Date
22 July 2019	\$0.150	1,794,000	36 months from the Grant Date
22 July 2019	\$0.150	3,588,000	48 months from the Grant Date
22 July 2019	\$0.150	3,588,000	60 months from the Grant Date
		13,810,000	

During the year ended 31 December 2021, share-based payment expense of \$159,000 was recognised in administrative expenses of the Company (2020: \$148,000). During the year ended 31 December 2021, there were 410,000 Placing Shares and Awarded Shares forfeited for resignation of certain employees (2020: 6,690,000). At 31 December 2021, there are 6,710,000 Placing Shares and Awarded Shares outstanding (2020: 7,120,000).

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29 Income tax in the consolidated statement of financial position

(a) Current taxation in the consolidated statement of financial position represents:

	2021	2020
	\$'000	\$'000
At 1 January	189	–
Charged to profit or loss	6,120	189
Payments during the year	(2,036)	–
At 31 December	4,273	189

(b) Deferred tax assets and liabilities recognised

(i) Movement of each component of deferred tax assets and liabilities

The components of deferred tax (assets)/liabilities recognised in the consolidated statement of financial position and movements during the year are as follows:

	Tax losses	Fair value adjustment on non-current assets upon the acquisition of subsidiaries	Revaluation of investment property	Total
	\$'000	\$'000	\$'000	\$'000
At 1 January 2020	(1,323)	5,606	6,750	11,033
Credited to profit or loss of continuing operations	(1,420)	(613)	–	(2,033)
Charged to discontinued operations	518	–	–	518
Reclassification to assets held for sale	–	(450)	1,143	693
Exchange adjustments	(148)	132	463	447
At 31 December 2020 and 1 January 2021	(2,373)	4,675	8,356	10,658
(Credited)/charged to profit or loss of continuing operations	(424)	(330)	1,929	1,175
Charged to discontinued operations	256	–	–	256
Increase through acquisition of subsidiaries (Note 32)	–	–	8,610	8,610
Decrease through deemed disposal of a subsidiary (Note 17)	–	–	(10,195)	(10,195)
Exchange adjustments	(64)	56	105	97
At 31 December 2021	(2,605)	4,401	8,805	10,601

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in HK\$ unless otherwise indicated)

29 Income tax in the consolidated statement of financial position (*continued*)

(b) Deferred tax assets and liabilities recognised (*continued*)

(ii) Reconciliation to the consolidated statement of financial position

	2021	2020
	\$'000	\$'000
Net deferred tax asset recognised in the consolidated statement of financial position	(2,625)	(2,373)
Net deferred tax liability recognised in the consolidated statement of financial position	13,226	13,031
	10,601	10,658

(c) Deferred tax assets not recognised

In accordance with the accounting policy set out in Note 2(t), the Group has not recognised deferred tax assets in respect of cumulative tax losses of approximately \$23,303,000 (2020: \$20,271,000) and \$121,075,000 (2020: \$86,900,000) related to the Group's subsidiaries in Hong Kong and Mainland China respectively, as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and the entity. The tax losses from operations in Hong Kong do not expire under current tax legislation, and the tax losses from operations in Mainland China will expire in five years from the year in which they arose.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in HK\$ unless otherwise indicated)

30 Capital and reserves

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

	Notes	Share capital \$'000 Note 30(b)	Share premium \$'000 Note 30(c)	Perpetual convertible securities \$'000 Note 31	Accumulated losses \$'000	Total \$'000
Balance at 1 January 2020		64,610	635,230	296,274	(395,895)	600,219
Changes in equity for 2020:						
Profit and total comprehensive income for the year		-	-	-	7,424	7,424
Equity-settled share-based transactions	28	-	148	-	-	148
Balance at 31 December 2020 and 1 January 2021		64,610	635,378	296,274	(388,471)	607,791
Changes in equity for 2021:						
Loss and total comprehensive income for the year		-	-	-	(2,260)	(2,260)
Equity-settled share-based transactions	28	-	159	-	-	159
Distributions to holders of perpetual convertible securities	31	-	-	-	(7,937)	(7,937)
Balance at 31 December 2021		64,610	635,537	296,274	(398,668)	597,753

(b) Share capital

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in HK\$ unless otherwise indicated)

30 Capital and reserves (*continued*)

(c) Share premium

Share premium represents the difference between the par value of the shares of the Company and proceeds received from the issuance of the shares of the Company. Under the Companies Law of the Cayman Islands, the share premium account of the Company is distributable to the equity shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company would be in a position to pay off its debts as they fall due in the ordinary course of business.

(d) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

(e) Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

31 Perpetual convertible securities

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

On 24 October 2016, the Company issued perpetual convertible securities in an aggregate principal amount of \$264,867,000 (the "2016 October PCS", together with the 2016 March PCS, the "PCS"). The amount of \$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 \$0.5436 and \$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 31 December 2021 and 2020, there were 2,066,942,901 units of the 2016 October PCS in an aggregate principal amount of \$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 \$100,000,000. At 31 December 2021 and 2020, there were 128,771,155 units of the 2016 March PCS in an aggregate principal amount of \$70,000,000 outstanding.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in HK\$ unless otherwise indicated)

31 Perpetual convertible securities (*continued*)

On 9 March 2020 and 9 September 2020, the Company announced to cancel the distributions to the holders of the 2016 October PCS, which were originally scheduled to be made on 24 April 2020 and 24 October 2020 respectively at the distribution rate of 6% per annum. 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, on 25 October 2021, the Company paid out distributions of \$7,937,000 to the holders.

In respect of the accumulated distributions of \$10,500,000 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 and 30 September 2021 at the distribution rate of 6% per annum, the Company has postponed such distribution.

32 Acquisition of subsidiaries

(a) Acquisition of Dongsheng PMS

On 8 February 2021, Huasheng New Life Services (Shenzhen) Company Limited, a wholly-owned subsidiary of the Group, entered into an equity transfer agreement with Heng Sheng Xin Ye (Beijing) Asset Management Company Limited to acquire 100% equity interest in Dongsheng PMS for a cash consideration of RMB7,500,000 (equivalent to approximately \$9,139,000). Dongsheng PMS and its subsidiaries are principally engaged in the provision of property management and leasing services for residential and commercial properties in Hebei Province, the PRC. The acquisition was completed on 18 May 2021. Upon completion of the transaction, Dongsheng PMS and its subsidiaries have become wholly-owned subsidiaries of the Group.

The identifiable assets acquired and liabilities assumed in the above acquisition at the date of acquisition were as follows:

	Recognised values on acquisition \$'000
Investment properties	18,764
Deferred tax assets	60
Other non-current assets	3,046
Other current assets	4,595
Cash and cash equivalents	30,994
Lease liabilities	(19,004)
Other current liabilities	(28,858)
Total identifiable net assets	9,597
Less: consideration satisfied in cash	(9,139)
Gain on the acquisition	458
Consideration satisfied in cash	9,139
Less: cash and cash equivalents acquired	(30,994)
Net cash inflow	(21,855)

Had the acquisition occurred on 1 January 2021, the management estimate the Group's consolidated revenue and loss for the year would have been increased by \$34,719,000 and \$190,000, respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in HK\$ unless otherwise indicated)

32 Acquisition of subsidiaries (*continued*)

(b) Acquisition of Kinyoun International Limited (“Kinyoun International”)

On 6 August 2021, Allied World Corporation, a wholly-owned subsidiary of the Group, entered into a sale and purchase agreement with Mr. Lu Liqiang, the sole shareholder of Kinyoun International, to acquire 100% equity interest in Kinyoun International at a cash consideration of \$24,000,000. Kinyoun International and its subsidiaries, Jiayan and Jiaxun, are principally engaged in the provision of sub-leasing services for non-residential properties in Hebei Province, the PRC. The acquisition was completed on 9 August 2021. Upon completion of the transaction, Kinyoun International and its subsidiaries have become wholly-owned subsidiaries of the Group.

The identifiable assets acquired and liabilities assumed in the above acquisition at the date of acquisition were as follows:

	Recognised values on acquisition \$'000
Investment properties	84,205
Other current assets	848
Cash and cash equivalents	5,517
Lease liabilities	(49,524)
Other current liabilities	(5,848)
Deferred tax liabilities	(8,670)
Total identifiable net assets	26,528
Less: consideration satisfied in cash	(24,000)
Gain on the acquisition	2,528
Consideration satisfied in cash	24,000
Less: cash and cash equivalents acquired	(5,517)
Net cash outflow	18,483

Had the acquisition occurred on 1 January 2021, the management estimate the Group’s consolidated revenue for the year would have been increased by \$1,182,000 and loss for the year would have been reduced by \$516,000, respectively.

33 Capital commitments

As at 31 December 2021, the Group had capital commitment relating to the investment in an equity security of approximately \$18,346,000 (2020: the investments in equity securities and developments of investment properties of approximately \$419,646,000 in aggregate).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in HK\$ unless otherwise indicated)

34 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 as disclosed in Note 9 and certain of the highest paid employees as disclosed in Note 10, is as follows:

	2021 \$'000	2020 \$'000
Short-term employee benefits	5,692	8,069
Post-employment benefits	72	60
	5,764	8,129

(b) Other related party transactions

The Group had the following material transactions with related parties during the year:

	Notes	2021 \$'000	2020 \$'000
<i>Transactions with companies controlled by the ultimate controlling shareholder of the Company:</i>			
Increase/(decrease) in advances from related parties	(i)	77	(126,181)
Marketing, event planning and consulting services	(ii)	24,543	33,633
Property management services	(ii)	12,105	-
Commercial properties and merchants management services	(ii)	3,400	-
Other service income	(i)	567	965
<i>Transactions with non-controlling shareholders of subsidiaries:</i>			
Purchase of air tickets	(ii)	11,375	24,512
Management service fee	(ii)	240	250
Air tickets and travel related services sold	(i)	15	9
Provision of environmental hygiene services	(i)	2,171	-
Borrowings obtained from a non-controlling shareholder of a subsidiary	(i)	830	-
Interest-free loan repaid to a non-controlling shareholder of Dakun Zhifang	(i)	-	79,857
Finance costs in connection with interest-free loan from a non-controlling shareholder of Dakun Zhifang	(i)	-	6,428
<i>Transactions with an associate:</i>			
Loans repaid by China Comfort	(i), (iii)	-	36,323

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) As disclosed in Note 8, during the year ended 31 December 2020, the Group disposed of its 49% equity interest in China Comfort to OVCT, which is owned as to 98% by Mr. Shi Baodong, the controlling shareholder of the Company. The transaction constitutes a connected transaction as defined under Chapter 14A of the Listing Rules.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in HK\$ unless otherwise indicated)

35 Company-level statement of financial position

	Notes	2021 \$'000	2020 \$'000
Non-current assets			
Property, plant and equipment		644	1,582
Investments in subsidiaries	16	-	-
		644	1,582
Current assets			
Prepayments, deposits and other receivables		1,408	1,377
Amounts due from subsidiaries		691,460	694,285
Cash and cash equivalents		10,012	12,278
		702,880	707,940
Current liabilities			
Other payables and accruals		6,482	5,395
Amounts due to subsidiaries		98,625	94,748
Amounts due to a related party		5	-
Lease liabilities		585	1,168
		105,697	101,311
Net current assets		597,183	606,629
Total assets less current liabilities		597,827	608,211
Non-current liabilities			
Lease liabilities		74	420
NET ASSETS		597,753	607,791
CAPITAL AND RESERVES			
Share capital	30	64,610	64,610
Perpetual convertible securities	31	296,274	296,274
Reserves		236,869	246,907
TOTAL EQUITY		597,753	607,791

Approved and authorised for issue by the board of directors on 30 March 2022.

Shi Baodong
Chairman

Mo Yueming
Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in HK\$ unless otherwise indicated)

36 Financial risk management and fair values of financial instruments

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade receivables. The Group's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks and financial institutions with high credit standings, for which the Group considers to have low credit risk.

The Group does not provide any guarantees which would expose the Group to credit risk.

Trade receivables

The Group has established a credit risk management policy under which individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. 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 from the date of billing. Normally, the Group does not obtain collateral from customers.

The Group's concentration of credit risk is mainly in Hong Kong and Mainland China by geographical location. The Group's credit risk exposure is spread over a number of counterparties and customers. Hence, it has no significant concentration of credit risk by a single debtor.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables:

	2021		
	Expected loss rate	Gross carrying amount	Loss allowance
	%	\$'000	\$'000
Current (not past due)	1.08%	20,774	(224)
1-90 days past due	3.01%	6,744	(203)
91-180 days past due	6.86%	3,759	(258)
181-365 days past due	99.45%	2,722	(2,707)
366-730 days past due	100.00%	5,046	(5,046)
		39,045	(8,438)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in HK\$ unless otherwise indicated)

36 Financial risk management and fair values of financial instruments *(continued)*

(a) Credit risk *(continued)*

Trade receivables (continued)

	2020		
	Expected loss rate %	Gross carrying amount \$'000	Loss allowance \$'000
Current (not past due)	5.73%	19,411	(1,113)
1-90 days past due	12.32%	1,566	(193)
91-180 days past due	25.00%	12	(3)
181-365 days past due	97.77%	2,507	(2,451)
366-730 days past due	100.00%	3,619	(3,619)
		27,115	(7,379)

Expected loss rates are based on actual loss experience over the past 4 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

The Pandemic impacts the procurement willingness and payment abilities of certain small and medium-sized customers, mainly travel agents, and as a result, leads to lower turnover rate and more actual loss of trade receivables. Such impact has been reflected in the consolidated financial statements as at 31 December 2021.

Movements in the loss allowance account in respect of trade receivables during the year is as follows:

	2021 \$'000	2020 \$'000
Balance at 1 January	7,379	1,463
Impairment losses recognised during the year	1,059	5,916
Balance at 31 December	8,438	7,379

Credit risk arising from the Advances

The Advances are guaranteed by the Arrangement. The maximum exposure to credit risk in respect of the Advances at the end of the reporting period, without taking into account the Arrangement, and the key terms of the Advances are disclosed in Note 17(c). The directors of the Company consider that the credit risk arising from the Advances is significantly mitigated by the Arrangement with reference to the estimated market value of the properties as at 31 December 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in HK\$ unless otherwise indicated)

36 Financial risk management and fair values of financial instruments *(continued)*

(b) Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g. trade receivables) and projected cash flows from operations. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans and other interest-bearing borrowings.

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay:

	2021					Carrying amount at 31 December \$'000
	Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	
	\$'000	\$'000	\$'000	\$'000	\$'000	
Trade payables	31,178	-	-	-	31,178	31,178
Financial liabilities included in other payables and accruals	93,975	-	-	-	93,975	93,975
Lease liabilities	11,327	10,902	28,882	40,227	91,338	71,474
Provisions	1,192	1,335	1,416	-	3,943	2,739
	137,672	12,237	30,298	40,227	220,434	199,366

	2020					Carrying amount at 31 December \$'000
	Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	
	\$'000	\$'000	\$'000	\$'000	\$'000	
Trade payables	26,810	-	-	-	26,810	26,810
Financial liabilities included in other payables and accruals	92,560	-	-	-	92,560	92,560
Lease liabilities	1,813	471	-	-	2,284	2,175
Provisions	1,261	1,441	3,238	-	5,940	3,703
	122,444	1,912	3,238	-	127,594	125,248

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in HK\$ unless otherwise indicated)

36 Financial risk management and fair values of financial instruments (*continued*)

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises primarily from the Group's interest-bearing borrowings. Borrowings issued at variable rates and fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The Group's exposure to interest rate risk is not significant.

(d) Currency risk

The Group operates in Hong Kong and Mainland China and is exposed to currency risk primarily through sales and purchases which give rise to receivables, payables, cash and deposit balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The Group has certain investments in Mainland China, whose net assets are exposed to translation risk. As at 31 December 2021, the Group only held certain cash and cash equivalents in RMB, Schweizer Franken and United States dollars, and the currency risk is not material.

37 Non-adjusting events after the reporting period

(a) Distribution to holders of the 2016 October PCS

On 9 March 2022, the Company announced to make a distribution on 25 April 2022 at the distribution rate of 6% per annum to the holders of the 2016 October PCS.

(b) Acquisition of commercial units

Pursuant to the sale and purchase agreements all dated 20 January 2022 entered into between Hebei Qifuqianyue Real Estate Development Co., Ltd. ("Qifuqianyue", which is owned as to 51% by OVPD and ultimately owned by Mr. Shi Baodong, the controlling shareholder of the Company) and Dongsheng PMS, the Group's subsidiary, Dongsheng PMS acquired 47 commercial units with an estimated aggregate gross floor area of approximately 2,563 square meters located in Shijiazhuang City, Hebei Province for a total consideration of RMB22,876,000 (equivalent to approximately \$27,980,000). The consideration has been fully paid by the Group in January 2022.

38 Comparative figures

The restatement of comparative information is attributable to the discontinued operations as disclosed in Note 8.

39 Immediate and ultimate controlling party

At 31 December 2021, the directors of the Company consider the immediate parent and ultimate controlling party of the Group to be OVRE, which is incorporated in the BVI, and Mr. Shi Baodong, respectively. OVRE does not produce financial statements available for public use.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in HK\$ unless otherwise indicated)

40 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2021

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, and a new standard, HKFRS 17, *Insurance contracts*, which are not yet effective for the year ended 31 December 2021 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKFRS 3, <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to HKAS 16, <i>Property, Plant and Equipment: Proceeds before Intended Use</i>	1 January 2022
Amendments to HKAS 37, <i>Onerous Contracts—Cost of Fulfilling a Contract</i>	1 January 2022
Annual Improvements to HKFRSs 2018–2020 Cycle	1 January 2022
Amendments to HKAS 1, <i>Classification of liabilities as current or non-current</i>	1 January 2023
Amendments to HKAS 1 and HKFRS Practice Statement 2, <i>Disclosure of accounting policies</i>	1 January 2023
Amendments to HKAS 8, <i>Definition of accounting estimates</i>	1 January 2023
Amendments to HKAS 12, <i>Deferred tax related to assets and liabilities arising from a single transaction</i>	1 January 2023

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

PARTICULARS OF PROPERTIES

Location	Approximate gross floor area (square meter)	Existing use	Lease term between the Group and the property owner	Attributable interest of the Group
Leasehold interests included in investment properties as right-of-use assets leased from property owners to earn rentals:				
Level 1 to Level 9 and Basement Level 1, Block 31, Fengshou Duhui, no. 325 of Jianshebeidajie, Changan District, Shijiazhuang City, Hebei Province, the PRC* (中國河北省石家莊市長安區建設北大街325號豐收都會31號樓1至9層及地下一層)	22,224.60	Commercial	20 years ending on 1 March 2030	100%
Units 4 to 5 on Level 1 to Level 3 and a portion of Unit 8 on Level 2 to Level 3, Block 2, Changan Huayuan, no. 80 of Jianshebeidajie, Changan District, Shijiazhuang City, Hebei Province, the PRC* (中國河北省石家莊市長安區建設北大街80號長安花苑2號樓1至3層4至5號單位及2至3層8號部分單位)	1,958.00	Commercial	20 years ending on 30 June 2028	100%
Unit 6 on Level 1 to Level 3 and a portion of Unit 8 on Level 1, Block 2, Changan Huayuan, no. 80 of Jianshebeidajie, Changan District, Shijiazhuang City, Hebei Province, the PRC* (中國河北省石家莊市長安區建設北大街80號長安花苑2號樓1至3層6號單位及1層8號部分單位)	1,967.00	Commercial	20 years ending on 30 June 2028	100%
Units 101 to 107 on Levels 1 to 2 of Block 3 and Unit 107 on Levels 1 to 2 of Block 1, no. 55 of Quannan East Street, Qiaodong District, Xingtai City, Hebei Province, the PRC* (中國河北省邢臺市橋東區泉南東大街55號3號樓1至2層101至107號單位及1號樓1至2層107號單位)	1,160.49	Commercial	15 years ending on 31 December 2032	100%
Various retail units on Basement Level 1, Level 1 and Mezzanine Level, Xiangqingyuan, no. 69 of Huaian East Road, Qiaoxi District, Shijiazhuang City, Hebei Province, the PRC* (中國河北省石家莊市橋西區槐安東路69號香晴苑負一層、一層及夾層多個零售單位)	5,063.99	Commercial	20 years ending on 28 February 2041	100%

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

FIVE YEARS FINANCIAL SUMMARY

31 December 2021
(Expressed in HK\$)

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five years, as extracted from the published audited financial statements is set out below:

RESULTS

For the year ended 31 December

	2021 \$'000	2020 \$'000 (restated)	2019 \$'000 (restated)	2018 \$'000 (restated)	2017 \$'000 (restated)
Continuing operations:					
Revenue	142,272	162,429	475,999	248,342	238,030
Loss before taxation	(21,254)	(61,375)	(7,617)	(57,060)	(52,867)
Income tax	(5,669)	1,984	(5,558)	-	(36)
Loss for the year	(26,923)	(59,391)	(13,175)	(57,060)	(52,903)
Discontinued operations:					
Profit/(loss) for the year	6,189	14,465	(10,807)	(833)	(3,128)
Loss for the year	(20,734)	(44,926)	(23,982)	(57,893)	(56,031)
Attributable to:					
Equity shareholders of the Company					
Continuing operations	(16,597)	(38,024)	(23,290)	(55,564)	(45,106)
Discontinued operations	6,189	14,465	(10,807)	(514)	(1,740)
	(10,408)	(23,559)	(34,097)	(56,078)	(46,846)
Non-controlling interests					
Continuing operations	(10,326)	(21,367)	10,115	(1,496)	(7,797)
Discontinued operations	-	-	-	(319)	(1,388)
	(10,326)	(21,367)	10,115	(1,815)	(9,185)
Loss for the year	(20,734)	(44,926)	(23,982)	(57,893)	(56,031)

ASSETS AND LIABILITIES

As at 31 December

	2021 \$'000	2020 \$'000	2019 \$'000	2018 \$'000	2017 \$'000
Total assets	892,419	850,387	1,190,925	1,002,609	926,022
Total liabilities	(246,425)	(147,834)	(484,763)	(218,149)	(67,698)
Net assets	645,994	702,553	706,162	784,460	858,324
Attributable to:					
Equity shareholders of the Company	623,374	624,820	606,591	743,600	851,772
Non-controlling interests	22,620	77,733	99,571	40,860	6,552
Total equity	645,994	702,553	706,162	784,460	858,324