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TIMES UNIVERSAL GROUP HOLDINGS LIMITED
時代環球集團控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 2310)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

The board (the "**Board**") of directors (the "**Directors**") of Times Universal Group Holdings Limited (the "**Company**") is pleased to announce the consolidated annual results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2022 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2022

	Notes	**2022** *HK$'000*	2021 *HK$'000* (Restated)
Continuing operations			
Revenue	*4*	**96,055**	77,700
Direct costs		**(72,801)**	(58,692)
Gross profit		**23,254**	19,008
Other income, gains and losses, net	*5*	**8,264**	5,735
Administrative expenses		**(31,855)**	(33,911)
Impairment losses under expected credit loss model, net of reversal		**(16,948)**	(5,897)
Impairment loss recognised on intangible assets		**(5,209)**	(1,748)
Loss on derecognition of joint ventures		**—**	(882)
Share of result of an associate		**—**	(1,870)
Impairment loss recognised on interest in an associate		**(1,115)**	—
Finance costs	*6*	**(4,704)**	(5,163)
Loss before tax	*7*	**(28,313)**	(24,728)
Income tax credit	*8*	**4,128**	7,268
Loss for the year from continuing operations		**(24,185)**	(17,460)

	Notes	2022 HK$'000	2021 HK$'000 (Restated)
Discontinued operation			
Loss for the year from discontinued operation	*13*	**(4,163)**	(3,480)
Loss for the year		**(28,348)**	(20,940)
Other comprehensive (expense) income for the year			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(2,792)**	678
Share of other comprehensive expense of an associate		—	(72)
Release of cumulative exchange reserve upon derecognition of joint ventures		—	882
Other comprehensive (expense) income for the year, net of income tax		**(2,792)**	1,488
Total comprehensive expense for the year		**(31,140)**	(19,452)
Total comprehensive expense for the year:			
— from continuing operations		**(26,977)**	(15,972)
— from discontinuing operation		**(4,163)**	(3,480)
		(31,140)	(19,452)
Loss per share	*10*		
From continuing and discontinued operations			
Basic		**(2.59) cents**	(1.92) cents
Diluted		**N/A**	N/A
From continuing operations			
Basic		**(2.21) cents**	(1.60) cents
Diluted		**N/A**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2022

	Notes	2022 HK$'000	2021 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**79,055**	84,914
Right-of-use assets		**10,057**	12,445
Intangible assets		**5,434**	15,162
Goodwill		**3,010**	3,265
Interest in an associate		—	1,115
Deferred tax assets		**11,028**	8,514
Other receivables	*11*	—	—
		108,584	125,415
CURRENT ASSETS			
Inventories		**687**	656
Cryptocurrency		—	5,370
Trade and other receivables	*11*	**8,344**	8,167
Amount due from an associate		—	13,808
Cash and cash equivalents		**19,696**	28,293
		28,727	56,294
CURRENT LIABILITIES			
Trade and other payables	*12*	**25,897**	39,190
Contract liabilities		**5,650**	5,527
Contingent consideration payable		—	240
Loans from a controlling shareholder		**38,090**	10,544
Secured loan		**26,226**	29,857
Bonds		**20,181**	30,181
Lease liabilities		**1,125**	1,371
Tax liabilities		**14,713**	14,876
		131,882	131,786
NET CURRENT LIABILITIES		**(103,155)**	(75,492)
TOTAL ASSETS LESS CURRENT LIABILITIES		**5,429**	49,923

	2022	2021
	HK$'000	*HK$'000*
NON-CURRENT LIABILITIES		
Bonds	**10,000**	20,000
Lease liabilities	**9,479**	11,374
Deferred tax liabilities	**816**	2,275
	20,295	33,649
NET (LIABILITIES) ASSETS	**(14,866)**	16,274
CAPITAL AND RESERVES		
Share capital	**441,350**	441,350
Reserves	**(456,216)**	(425,076)
TOTAL (DEFICIT) EQUITY	**(14,866)**	16,274

Notes:

1. GENERAL

Times Universal Group Holdings Limited (the "**Company**") is a public limited company incorporated in Hong Kong and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The registered office and principal place of business of the Company are located at Unit 3002, 30/F, Workington Tower, 78 Bonham Strand, Sheung Wan, Hong Kong.

The immediate holding company of the Company is Great Match International Limited ("**Great Match**"), a company incorporated in the British Virgin Islands and the ultimate controlling shareholder is Mr. Choi Yun Chor (the "**Controlling Shareholder**").

The Company is an investment holding company and the principal activities of the Company and its subsidiaries (collectively referred to as the "**Group**") are hotel operation in Canada, properties management and catering in the People's Republic of China (the "**PRC**") and cryptocurrency investment which was discontinued during the year ended 31 December 2022.

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

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2022 for the preparation of the consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendment to HKFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021*
Amendments to Hong Kong Accounting Standards ("**HKAS**") 16	Property, Plant and Equipment — Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020

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

Impacts on application of Amendments to HKFRS 3 Reference to the Conceptual Framework

The Group has applied the amendments to business combinations for which the acquisition date was on or after 1 January 2022. The amendments update a reference in HKFRS 3 *Business Combinations* so that it refers to the *Conceptual Framework for Financial Reporting 2018* issued in June 2018 (the "**Conceptual Framework**") instead of *Framework for the Preparation and Presentation of Financial Statements* (replaced by the *Conceptual Framework for Financial Reporting 2010* issued in October 2010), add a requirement that, for transactions and events within the scope of HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or HK(IFRIC)-Int 21, an acquirer applies HKAS 37 or HK(IFRIC)-Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination and add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The application of the amendments in the current year has had no impact on the Group's consolidated financial statements.

Impacts on application of Amendments to HKFRSs Annual Improvements to HKFRSs 2018–2020

The Group has applied the amendments for the first time in the current year. The annual improvements make amendments to the following standards:

HKFRS 9 Financial Instruments

The amendment clarifies that for the purpose of assessing whether modification of terms of original financial liability constitutes substantial modification under the "10 per cent" test, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or the lender on the other's behalf.

In accordance with the transitional provisions, the Group applies the amendment to financial liabilities that are modified or exchanged as at the date of initial application, 1 January 2022.

HKFRS 16 Leases

The amendment to Illustrative Example 13 accompanying HKFRS 16 removes from the example the illustration of reimbursement relating to leasehold improvements by the lessor in order to remove any potential confusion.

The application of the amendments in the current year has had no impact on the Group's consolidated financial statements.

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[3]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[3]
Amendments to HKAS 1	Non-current Liabilities with Covenants (2022)[3]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to HKAS 8	Definition of Accounting Estimates[1]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1]

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

[2] Effective for annual periods beginning on or after a date to be determined.

[3] Effective for annual periods beginning on or after 1 January 2024.

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") and by the Hong Kong Companies Ordinance.

During the year ended 31 December 2022, the Group incurred a loss from continuing operations of approximately HK$24,185,000 and, as of 31 December 2022, the Group's current liabilities exceeded its current assets by approximately HK$103,155,000 and the Group has net liabilities of approximately HK$14,866,000. Such conditions indicate the existence of material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern, and thus, the Group may not be able to realise its assets and discharge its liabilities in the normal course of business.

The Group continues to adopt the going concern basis in preparing its consolidated financial statements. In order to improve the Group's financial positions, liquidity and cash flows, the Directors have adopted or shall adopt the following measures:

(i) reviewing the business operations of the Group to improve their efficiency;

(ii) implementing cost saving measures to control operating cost, administrative costs and corporate costs with a view to reduce the working capital requirements of the Group;

(iii) reviewing its existing investments and business opportunities and actively considering to develop new business in order to enhance the cash flow of the Group;

(iv) actively considering to realise other loss making investment or terminate loss making businesses;

(v) obtaining a confirmation from Great Match not to demand repayment of the amount due from the Group to Great Match as at 31 December 2022, unless the repayment would not affect the ability of the Group to repay other creditors in the normal course of business; and

(vi) obtaining a loan agreement for facilities of up to HK$50,000,000 from the Controlling Shareholder in favour of the Group to provide continuing financial support to the Group,

The Directors have reviewed the Group's cashflow projections prepared by the management, which covering a period of not less than twelve months from 31 December 2022, on the basis that the Group's aforementioned plans and measures will be successful, the Directors believe that the Group will have sufficient cash resources to satisfy its future working capital and other financing requirements as and when they fall due in the next twelve months from the end of the reporting period. Accordingly, the Directors believe that the Group will continue as a going concern and therefore consider it is appropriate to adopt a going concern basis in preparing its consolidated financial statements.

The consolidated financial statements do not include any adjustments that would result from the failure of the Group to obtain sufficient future funding. Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to write down the carrying values of the assets of the Group to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively.

4. REVENUE

	2022	2021
	HK$'000	*HK$'000*
Continuing operations		
Hotel operation	**55,108**	42,336
Properties management	**36,183**	35,364
Catering management	**4,764**	—
	96,055	77,700

5. OTHER INCOME, GAINS AND LOSSES, NET

	2022	2021
	HK$'000	*HK$'000*
		(Restated)
Continuing operations		
Interest income from bank deposits	**7**	12
Gain on early termination of a lease	**—**	136
Gain on settlements of bonds	**7,800**	—
Government grants *(Note)*	**—**	4,823
Loss on written-off of property, plant and equipment	**—**	(51)
Loss on fair value change of contingent consideration payable	**(5)**	—
Others	**462**	815
	8,264	5,735

Note:

During the year ended 31 December 2021, approximately RMB565,000 (equivalent to approximately HK$681,000) represents an incentive from the Finance Bureau of People's Government of Chongqing, Yuzhong District* (重慶市渝中區財政局) for maintaining good quality of properties management service and to provide financial support to retain employees. The Group also recognised government grants of approximately Canadian dollar ("**CAD**") 668,000 (equivalent to approximately HK$4,142,000) which relate to Canada Emergency Wage Subsidy and Emergency Rent Subsidy provided by the Canada Federal Government.

There are no conditions attached to the receipt of the government grants and they are non-recurring in nature.

6. FINANCE COSTS

	2022	2021
	HK$'000	*HK$'000*
Continuing operations		
Interests on:		
— Secured loan	**1,607**	1,452
— Bonds	**1,930**	2,345
— Lease liabilities	**608**	240
— Imputed interest on loans from controlling shareholder	**480**	513
— Other	**79**	613
	4,704	5,163

* *For identification purpose only*

7. LOSS BEFORE TAX

Loss before tax from continuing operations has been arrived at after charging:

	2022	2021
	HK$'000	*HK$'000*
Auditors' remuneration:		
— audit services	**1,361**	1,337
— non-audit services	**555**	287
Staff costs (including directors' emolument)		
— salaries, wages, allowance and other benefits in kind	**44,806**	38,116
— retirement schemes contributions	**2,778**	2,585
Total staff costs *(Note)*	**47,584**	40,701
Cost of inventories recognised as expense	**8,691**	6,839
Depreciation of:		
— Property, plant and equipment	**2,631**	2,982
— Right-of-use assets	**1,564**	1,899
Total depreciation	**4,195**	4,881
Depreciation included in direct cost	**(1,898)**	(2,131)
Depreciation included in administrative expenses	**2,297**	2,750
Electricity, water and gas fee	**11,418**	10,185
Electricity, water and gas fee included in direct cost	**(10,203)**	(8,990)
Electricity, water and gas fee included in administrative expenses	**1,215**	1,195
Amortisation of intangible assets (included in administrative expenses)	**3,604**	4,170
Legal and professional fee	**4,117**	4,666

Note:

Staff costs amounted to approximately HK$38,784,000 (2021: HK$29,992,000) and HK$8,800,000 (2021: HK$10,709,000) have been included in direct cost and administrative expenses, respectively.

8. INCOME TAX CREDIT

Income tax expense (credit) from continuing operations are as follows:

	2022	2021
	HK$'000	*HK$'000*
Current tax		
PRC Enterprise Income Tax ("**EIT**")	**600**	278
Deferred tax		
Current year	**(4,728)**	(7,546)
	(4,128)	(7,268)

Notes:

(a) Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profit for both years. No provision for taxation in Hong Kong has been made as the Group's income neither arises in nor is derived from Hong Kong.

(b) Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years. Certain subsidiaries operating in the PRC enjoy a preferential income tax rate of 2.5% to 15% (2021: 2.5% to 15%) of their assessable income.

(c) Pursuant to the relevant laws and regulation in the PRC, Chongqing Haotai Property Management Company Limited* 重慶市昊泰物業管理有限責任公司 ("**Chongqing Haotai**"), which is newly acquired during the year ended 31 December 2021, is qualified as small low-profit enterprises enjoyed a preferential tax rate of 20% for the year ended 31 December 2021. In addition, in accordance with the "Notice on Preferential Income Tax Policies Applicable to Small Low-profit Enterprises", Chongqing Haotai is also entitled to a tax concession for 75% and 50% of its taxable income for the annual taxable income of less than RMB1,000,000 and the portion that exceeds RMB1,000,000 but does not exceed RMB3,000,000 (inclusive) for the year ended 31 December 2021, respectively.

(d) Canadian Corporation Tax is calculated at Federal Tax rate of 15% and British Columbia Provincial Tax rate of 12% on the estimated assessable profits for the years ended 31 December 2022 and 31 December 2021, no provision for taxation has been made as there is no assessable profit for both years.

(e) Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

* *For identification purpose only*

9. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 December 2022, nor has any dividend been proposed since the end of the reporting period (2021: HK$Nil).

10. LOSS PER SHARE

For continuing operations

The calculation of the basic and diluted loss per share from continuing operations attributable to owners of the Company is based on the following data:

Loss figures are calculated as follows:

	2022	2021
	HK$'000	*HK$'000*
Loss for the year attributable to owners of the Company	**(28,348)**	(20,940)
Less: Loss for the year from discontinued operation	**(4,163)**	(3,480)
Loss for the purpose of basic and diluted loss per share from continuing operations	**(24,185)**	(17,460)

	2022	2021
Number of shares	***'000***	*'000*
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**1,092,878**	1,092,878

For continuing and discontinued operations

The calculation of the basic and diluted loss per share from continuing and discounting operations attributable to owners of the Company is based on the following data:

	2022	2021
	HK$'000	*HK$'000*
Loss for the year attributable to owners of the Company for the purpose of basic and diluted loss per share	**(28,348)**	(20,940)

The denominators used are the same as those detailed above for both basic and diluted loss per share.

From discontinued operation

Basic and diluted loss per share for the discontinued operation is HK0.38 cent per share (2021: HK0.32 cent per share), based on the loss for the year from the discontinued operation of approximately HK$4,163,000 (2021: HK$3,480,000) and the denominators detailed above for both basic and diluted loss per share.

No diluted loss per share for both years ended 31 December 2022 and 31 December 2021 were presented as there were no potential ordinary shares in issue for both years.

11. TRADE AND OTHER RECEIVABLES

	2022	2021
	HK$'000	*HK$'000*
Trade receivables		
— contracts with customers	**23,912**	53,297
Less: Allowance for credit losses	**(19,444)**	(48,455)
Trade receivables, net *(Note)*	**4,468**	4,842
Other receivables	**6,501**	7,344
Deposits	**1,597**	766
Prepayments	**960**	1,481
	9,058	9,591
Less: Allowance for credit losses	**(5,182)**	(6,266)
	3,876	3,325
Trade and other receivables, net	**8,344**	8,167
Analysed for reporting purpose as:		
Non-current asset	**—**	—
Current asset	**8,344**	8,167
	8,344	8,167

Note:

As at 1 January 2021, trade receivables from contracts with customers amounted to approximately HK$5,915,000, net of allowance for credit losses of approximately HK$44,346,000.

The Group allows an average credit period of 0 to 90 days to its trade customers. The following is an aged analysis of trade receivables, net of allowance for credit losses, presented based on the date of delivery of goods or date of rendering of services which approximated the respective dates on which revenue was recognised.

	2022	2021
	HK$'000	*HK$'000*
Within 90 days	**2,757**	597
91 to 180 days	**1,666**	2
181 to 365 days	**1**	439
1 to 2 years	**—**	2,527
2 to 3 years	**44**	1,277
	4,468	4,842

12. TRADE AND OTHER PAYABLES

	2022	2021
	HK$'000	*HK$'000*
Trade payables	**1,742**	953
Accruals	**2,453**	4,427
Other taxes payables	**3,849**	3,947
Bond interest payable	**3,204**	3,274
Other payables	**14,649**	26,589
	25,897	39,190

The following is an aged analysis of trade payables presented based on the invoice date:

	2022	2021
	HK$'000	*HK$'000*
Within 90 days	**1,495**	899
91 to 180 days	**210**	3
181 to 365 days	**1**	—
Over 365 days	**36**	51
	1,742	953

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

13. DISCONTINUED OPERATION

The Company entered into a disposal agreement on 30 November 2022 with a purchaser (the "**Purchaser**"), an independent third party, in respect of the disposal of (i) the entire equity interests in Dragon Delight Group Limited and Best Master Limited (collectively referred as the "**Disposal Subsidiaries**") and; (ii) an aggregate amount of approximately HK$8,958,000 owed by the Disposal Subsidiaries to the Company for a cash consideration of HK$1,291,000 (the "**Disposal**"). The principal activities of the Disposed Subsidiaries are cryptocurrency investment, which represents the cryptocurrency investment segment of the Group. The Disposal was effected in order to avoid further fluctuation in the market price of cryptocurrencies in hand and generate cash flows for the Group to repay its bonds. The Disposal was completed on 30 November 2022, on which date the control of the operation of cryptocurrency investment passed to the Purchaser. Details of the assets and liabilities disposed of, and the calculation of the gain on Disposal, are disclosed in Note 14 to this announcement.

The loss for the period/year from the discontinued cryptocurrency investment operation is set out below. The comparative figures in the consolidated statement of profit or loss and other comprehensive income have been restated to re-present the cryptocurrency investment operation as a discontinued operation.

	2022 ***HK$'000***	2021 *HK$'000*
Loss of cryptocurrency investment operation for the period/year	**(4,388)**	(3,480)
Gain on disposal of cryptocurrency investment operation *(Note 14)*	**225**	—
	(4,163)	(3,480)

The results of the cryptocurrency investment operation for the period from 1 January 2022 to 30 November 2022 and the year ended 31 December 2021, which have been included in the consolidated statement of profit or loss and other comprehensive income, were as follows:

	1 January 2022 to 30 November 2022 ***HK$'000***	1 January 2021 to 31 December 2021 *HK$'000*
Interest income from bank deposits	**15**	7
Loss from changes in fair value of cryptocurrency	**(4,304)**	(2,253)
Administrative expenses	**(99)**	(1,234)
Loss before tax and loss for the period/year	**(4,388)**	(3,480)
Loss for the period/year from discontinued operation included the following:		
Auditor's remuneration	**10**	—

14. DISPOSAL OF SUBSIDIARIES

On 30 November 2022, the Company entered into a disposal agreement with the Purchaser in respect of the Disposal. The Disposal was completed on 30 November 2022. The principal activities of the Disposed Subsidiaries are cryptocurrency investment, which represents the cryptocurrency investment segment of the Group.

	HK$'000
Consideration received:	
Cash received	1,291

Analysis of assets and liabilities over which control was lost:

	HK$'000
Cryptocurrency	1,066
Amount due to the Company	(8,958)
Net liabilities disposed of	(7,892)

Gain on disposal of the Disposed Subsidiaries:

	HK$'000
Consideration received	1,291
Net liabilities disposed of	7,892
Assignment of shareholder's loan	(8,958)
Gain on disposal *(Note 13)*	225
Net cash inflow arising on disposal:	
Cash consideration received	1,291

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The Company's auditor has issued a qualified opinion on the Group's consolidated financial statements for the year ended 31 December 2022, an extract of which is as follows:

QUALIFIED OPINION

In our opinion, except for the effects of the matters described in the *Basis for Qualified Opinion* section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, 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 ("**HKICPA**") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

BASIS FOR QUALIFIED OPINION

(a) Limitation of scope on interest in an associate and amount due from an associate

As disclosed in Note 24 to the consolidated financial statements, the carrying amount of the Group's interest in an associate, Total Blossom Sdn Bhd ("**Total Blossom**"), amounted to approximately HK$1,115,000 and HK$Nil as at 31 December 2021 and 31 December 2022, respectively, while share of result of an associate amounted to approximately HK$1,870,000 and share of other comprehensive expense amounted to approximately HK$72,000 for the year ended 31 December 2021, and impairment loss recognised on interest in an associate amounted to approximately HK$1,115,000 for the year ended 31 December 2022.

The sole and only asset of Total Blossom was an investment property under construction located in Malaysia (the "**Associate Investment Property**"). As at 31 December 2021 and 31 December 2022, the value of the Associate Investment Property amounted to approximately HK$29,694,000 and HK$29,694,000, respectively. The fair value loss of the Associate Investment Property amounted to approximately HK$3,815,000 for the year ended 31 December 2021.

During the audit for the year ended 31 December 2022, we were unable to obtain the books and records of Total Blossom for the year ended 31 December 2022, to satisfy ourselves that the Group has significant influence on Total Blossom, and hence the valuation and classification of interest in an associate as at 31 December 2022, and the valuation of impairment loss recognised on an associate for the year ended 31 December 2022. Also, during the audit for the years ended 31 December 2021 and 31 December 2022, we were unable to obtain sufficient appropriate audit evidence, including but not limited to the status of the Associate Investment Property, to satisfy ourselves as to the existence, ownership and valuation of the Associate Investment Property for both years ended 31 December 2021 and 31 December 2022.

As disclosed in Note 24 to the consolidated financial statements, the carrying amount of the amount due from Total Blossom amounted to HK$Nil as at 31 December 2022. The directors of the Company (the "**Directors**") considered that the associate is in severe financial difficulty, therefore, they are of the view that there is no realistic prospect of recovery of amount due from an associate. As a result, full impairment of amount due from an associate of approximately HK$13,808,000 has been provided for the year ended 31 December 2022. However, due to the failure to obtain the books and records of Total Blossom for the year ended 31 December 2022, we were unable to satisfy ourselves as to the existence and valuation of the amount due from an associate as at 31 December 2022 and the occurrence and accuracy of the impairment loss recognised on amount due from an associate for the year ended 31 December 2022.

We were unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to (1) whether the Group has significant influence on Total Blossom for the year ended 31 December 2022 and the interest in an associate included in the Group's consolidated statement of financial position as at 31 December 2022 was fairly stated; (2) whether the Group's share of results of an associate, share of other comprehensive expense of an associate for year ended 31 December 2021 and impairment loss recognised on interest in an associate for the year ended 31 December 2022 were fairly stated; (3) whether amount due from an associate included in the Group's consolidated statement of financial position as at 31 December 2022 and impairment loss recognised on amount due from an associate for the year ended 31 December 2022 were fairly stated; and (4) whether the summarised financial information of an associate as shown in the consolidated financial statements are properly disclosed. There were no other satisfactory alternative audit procedures that we could adopt to obtain sufficient appropriate audit evidence in this regard.

Any adjustments found to be necessary to the above amounts may have consequential significant impacts on the loss and other comprehensive expenses of the Group for the years ended 31 December 2021 and 31 December 2022, the net assets/liabilities of the Group as at 31 December 2021 and 31 December 2022 and the related disclosures thereof in the consolidated financial statements.

(b) Limitation of scope on interests in joint ventures

As disclosed in Note 25 to the consolidated financial statements, the interests in Triple Market Limited and its subsidiaries (collectively known as the "**Joint Ventures**") with HK$Nil carrying amount as at 31 December 2020 had been derecognised since 31 October 2021.

During the year ended 31 December 2019, all of the investment properties of the Joint Ventures, which were the major assets of the Joint Ventures, were seized (the "**Seized Investment Properties**") by the Intermediate People's Court of Chongqing (the "**Court**") in relation to a loan dispute with a financial institution (the "**Court Case**"). The Directors inquired the management of the Joint Ventures in relation to the Court Case, including the court orders, the reason for the seizure and the latest development of the case, but they were not able to obtain all relevant information as at 31 December 2019.

As at 31 December 2020, as advised by the Company's PRC legal advisor, the Joint Ventures do not possess control over the Seized Investment Properties because the Seized Investment Properties of the Joint Ventures are held under a compulsory auction as ordered by the Court during the year ended 31 December 2020. The Directors were of the opinion that the Joint Ventures are unlikely to repossess the investment properties and therefore impairment loss on the interests in Joint Ventures of HK$29,523,000 was made during the year ended 31 December 2020.

In view of (i) the Seized Investment Properties; (ii) the loss of contact with the management of the Joint Ventures since 31 October 2021; and (iii) the Directors were unable to obtain the books and records of the Joint Ventures, the Directors resolved that the Group no longer had the power to govern the financial and operating policies of Joint Ventures, and the control over the Joint Ventures was lost on 31 October 2021 and derecognised the interest in the Joint Ventures since 31 October 2021 (the "**Joint Ventures Derecognition Date**").

Under the circumstances as explained above, we were not able to carry out procedures which we considered necessary on the books and records of the Joint Ventures to ascertain (1) the net liabilities of the Joint Ventures of approximately HK$57,725,000 and HK$57,725,000 as at 31 December 2020 and the Joint Ventures Derecognition Date respectively; (2) the loss of the Joint Ventures of approximately HK$89,021,000 and HK$Nil for the year ended 31 December 2020 and the period from 1 January 2021 to the Joint Ventures Derecognition Date respectively; and (3) the other comprehensive income of the Joint Ventures of approximately HK$698,000 and HK$Nil for the year ended 31 December 2020 and the period from 1 January 2021 to the Joint Ventures Derecognition Date respectively. There were no other satisfactory audit procedures that we could adopt to obtain sufficient appropriate evidence in this regard.

Any adjustments found to be necessary to the above amounts would affect the amounts recorded in the consolidated statement of profit or loss and other comprehensive income in respect of the Joint Ventures for the year ended 31 December 2020 and the period from 1 January 2021 to the Joint Ventures Derecognition Date, with a corresponding effect on the loss on derecognition of the Joint Ventures of approximately HK$882,000, the release of cumulative exchange reserve upon derecognition of joint ventures of approximately HK$882,000 and the related disclosures thereof in the consolidated financial statements. Our audit opinion on the consolidated financial statements for the year ended 31 December 2022 was modified because of the possible effect of this matter on the comparability of the related current year figures and the corresponding figures in the consolidated statement of profit or loss and other comprehensive income.

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") 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**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to Note 3.1 to the consolidated financial statements, which indicates that the Group incurred a net loss from continuing operations of approximately HK$24,185,000 for the year ended 31 December 2022 and, as of that date, the Group's current liabilities exceeded its current assets by approximately HK$103,155,000 and the Group had net liabilities of approximately HK$14,866,000. As stated in Note 3.1 to the consolidated financial statements, these events or conditions, along with other matters as set forth in Note 3.1 to the consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

DIVIDEND

The Board does not recommend the payment of any final dividend in respect of the year ended 31 December 2022 (2021: HK$Nil). The Group's long-term dividend policy is to distribute not less than 30% of its net profit as a dividend each financial year, and the Board will review this dividend policy from time to time to ensure optimal returns to shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue and Segment Information

The revenue of the Group represents the revenue from operation of a resort in Canada (the "**Hotel Operation**"), properties management (the "**Properties Management**") in the People's Republic of China (the "**PRC**") and the management of kitchen for, and management of delivering quality ingredients to, PRC customers (the "**Catering Management**"). Revenue from continuing operations increased by approximately HK$18.4 million or 23.6% from approximately HK$77.7 million for the year ended 31 December 2021 ("**FY2021**") to approximately HK$96.1 million for the year ended 31 December 2022 ("**FY2022**"). Such increase was mainly due to the increase in revenue from the Hotel Operation. The revenue from Properties Management also recorded a positive change in FY2022. The Group recorded a revenue of approximately HK$4.8 million from its new segment, Catering Management, in FY2022.

Gross Profit

The gross profit of the Group from continuing operations increased by approximately HK$4.2 million or 22.3% from approximately HK$19.0 million for FY2021 to approximately HK$23.2 million for FY2022. The increase was mainly due to the increase in revenue, with the proportionate increase in direct cost. The gross profit margin of the Group from continuing operations maintained stably at approximately 24.5% for FY2021 and approximately 24.2% for FY2022.

Other Income, Gain and Losses, net

Other income, gain and losses, net from continuing operations increased by approximately HK$2.5 million or 44.1% from approximately HK$5.7 million for FY2021 to approximately HK$8.3 million for FY2022. The increase was mainly due to the recognition of gains on settlements of bonds aggregated to approximately HK$7.8 million, and partially offset by the decrease in the government grants of approximately HK$4.8 million, which was received in FY2021 during the COVID-19 pandemic but not in FY2022.

Administrative Expenses

The administrative expenses of the Group from continuing operations decreased by approximately HK$2.1 million or 6.1% from approximately HK$33.9 million for FY2021 to approximately HK$31.9 million for FY2022, which was mainly due to the reduction of corporate expenses and partially offset by the increase in staff costs in the segments of Hotel Operation, Properties Management and Catering Management due to the increased operation level after the COVID-19 pandemic.

Impairment Loss Recognised under Expected Credit Loss Model, Net of Reversal

The impairment loss recognised under expected credit loss model, net of reversal of the Group increased by approximately HK$11.1 million or 187.4% from approximately HK$5.9 million for FY2021 to approximately HK$16.9 million for FY2022. Such increase was mainly due to the impairment loss recognised on amount due from an associate of the Group amounted to approximately HK$13.8 million for FY2022 (FY2021: HK$nil). During FY2022, the management of the Group considered that the associate is in severe financial difficulty and there is no realistic prospect of recovery, the amount due from an associate of has been fully impaired.

Impairment Loss Recognised on Intangible Assets

Impairment loss recognised on intangible assets of the Group increased by approximately HK$3.5 million or 198.0% from approximately HK$1.7 million for FY2021 to approximately HK$5.2 million for FY2022, which was due to the fact that the Properties Management segment has been underperformed. The Group concluded there was indicator for further impairment and conducted impairment assessment on intangible assets in FY2022.

Finance Costs

The finance costs of the Group from continuing operations decreased by approximately HK$0.5 million or 8.9% from approximately HK$5.2 million for FY2021 to approximately HK$4.7 million for FY2022, which was mainly due to the reduction from interest on bonds as a result of the settlement of bonds amounted to HK$20 million in FY2022.

Income Tax Credit

The income tax credit of the Group reduced by approximately HK$3.1 million or 43.2% from approximately HK$7.3 million for FY2021 to approximately HK$4.1 million for FY2022. Income tax credit mainly represented the tax losses of the Group available for offsetting against future profits.

Loss for the Year from Continuing Operations

As a result of the items mentioned above, the Group recorded a net loss from continuing operations of approximately HK$24.2 million for FY2022, as compared to approximately HK$17.5 million for FY2021.

Loss for the Year from Discontinued Operation

The loss for the year from discontinued operation of the Group amounted to approximately HK$4.2 million for FY2022 and HK$3.5 million for FY2021. Such losses in both years were mainly the result of the loss from changes in fair value of cryptocurrency.

Loss for the Year

As a result of the items mentioned above, the Group recorded a net loss of approximately HK$28.3 million for FY2022, as compared to approximately HK$20.9 million for FY2021.

Liquidity and Financial Resources

As at 31 December 2022, the Group's net current liabilities and current ratio were approximately HK$103.2 million and 0.22 times, respectively (net current liabilities and current ratio in 2021: approximately HK$75.5 million and 0.43 times, respectively).

Net Gearing Ratio

The Group recorded total deficit of approximately HK$14.9 million as at 31 December 2022. The net gearing ratio was 3.83 times as at 31 December 2021. The net gearing ratio was measured by net debt (including secured loan, loans from controlling shareholder, and bonds, and deducting cash and cash equivalents) over total equity.

Charge on Assets

As at 31 December 2022, the Group's land and buildings held for own use of approximately HK$77.9 million (2021: approximately HK$83.9 million) were pledged to secure banking facilities granted to the Group.

Capital Structure

For the year ended 31 December 2022, the Group financed its liquidity requirements through a combination of cash flow as generated from operations, secured loan, bonds and loans from controlling shareholder.

Capital Commitment and Contingent Liabilities

As at 31 December 2022, the Group does not have any capital commitments in relation to the acquisition of property, plant and equipment of the Group in FY2022 (2021: HK$0.3 million) and has capital commitments in relation to unpaid registered capital for subsidiaries amounted to approximately HK$14.7 million (2021: HK$16.6 million).

The Directors confirm that there were no material contingent liabilities as at 31 December 2022 (2021: nil).

BUSINESS REVIEW

Hotel Operation

Revenue from Hotel Operation accounted for approximately 57.4% of the total revenue. Hotel occupancy rate increased to 82.8% in 2022 from 71.1% in 2021 due to the increasing traveling activities in Canada during FY2022 after the COVID-19 pandemic.

The revenue of the Hotel Operation was therefore increased by approximately HK$12.8 million from approximately HK$42.3 million in FY2021 to approximately HK$55.1 million in FY2022.

Properties Management

Revenue from Properties Management amounted to approximately HK$36.2 million in FY2022, representing an increase of 2.3% comparing to approximately HK$35.4 million in FY2021.

Catering Management

Revenue from Catering Management amounted to approximately HK$4.8 million, which accounted for approximately 5.0% of the revenue of the Group from continuing operations in FY2022.

Staff and Remuneration Policy

As at 31 December 2022, the Group had approximately 326 employees, including 190 based in the PRC, 8 based in Hong Kong and 128 based in Canada. Staff costs of the Group were approximately HK$47.6 million for FY2022, representing an increase of approximately HK$6.9 million or 16.9% as compared to approximately HK$40.7 million of FY2021 due to the increase in operation level in FY2022.

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

Foreign Exchange Fluctuation and Hedge

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

During FY2021 and FY2022, the Group did not enter into any forward foreign currency contracts.

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

Disposal of Dragon Delight Group Limited

On 30 November 2022, the Company disposed Dragon Delight Group Limited, a wholly owned subsidiary of the Company, to an independent third party. Upon the completion of the disposal of Dragon Delight Group Limited, the Group will no longer engage in investment in cryptocurrency.

Since 2022, the cryptocurrency market has demonstrated a recession. The Company has been actively looking for opportunities to dispose of the cryptocurrency held by the Group. Having considered the current cryptocurrency market, the Directors are of the view that it is in the best interest for the Group to dispose all the cryptocurrency to avoid further fluctuation in the market price of cryptocurrencies in hand.

The Directors applied the net proceeds from the disposal of Dragon Delight Group Limited to the repayment of bonds of the Group.

For more details, please refer to the announcement of the Company dated 30 November 2022.

Commencement of Catering Management Business

In FY2022, the Group set up a wholly-owned subsidiary, Chongqing Ailo Foods Limited* (重慶愛洛食品有限公司) on 11 April 2022 ("**Ailo Food**"), aiming to deliver quality ingredients to its customers in the PRC. The target customers of the Group included mainly the corporates who aims to provide quality meals to their staff, visitors or clients. The Group is responsible mainly the management of kitchen for corporates in the PRC, as well as the management of delivering ingredients to customers timely and quality checking on the ingredients.

Prospects

The revenue from Hotel Operation in Canada increased by approximately 30.2% and the Hotel Operation achieved an occupancy rate of approximately 82.8% in FY2022 (FY2021: 71.1%), which was of exceptional performance as compared with its regional competitors. Meanwhile, the Properties Management continues to expand its business and grow steadily in revenue. With the recovery of the PRC economy, the market potential is increasing, bringing us various business opportunities. Our management team will seize the chance and explore new business opportunities constantly to deliver stable returns to our shareholders.

OTHER INFORMATION

Corporate Governance

The Company is committed to achieving a high standard of practices of corporate governance so as to ensure the protection of shareholders' interests with better transparency. The Company has complied with the code provisions of the Corporate Governance Code set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") during FY2022.

Model Code for Securities Transactions by Directors

The Company has adopted Appendix 10, Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules (the "**Model Code**") as the code of practice for carrying out securities transactions by the directors of the Company. The Company, having made specific enquiries to all directors of the Company, confirmed that all directors have complied with the required standard of dealings as set out in the Model Code throughout FY2022.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during FY2022.

Review of Accounts

The audit committee of the Board, which comprises all independent non-executive Directors, has reviewed the financial results of the Group for FY2022, including the accounting principles and practices adopted by the Group, and has reviewed and discussed with the management on the effectiveness of the Group's system regarding the internal controls and accounts.

Scope of Work of Asian Alliance (HK) CPA Limited

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2022 as set out in this announcement have been agreed by the Group's auditor, Asian Alliance (HK) CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Asian Alliance (HK) CPA Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Asian Alliance (HK) CPA Limited on this announcement.

Publication of the Final Results and Annual Report of the Group for FY2022

This results announcement has been published on the Company's website at www.timesuniversal.com and the website of the Stock Exchange at www.hkexnews.hk. The 2022 annual report is expected to be despatched to shareholders of the Company on or before 30 April 2023, which will be also made available on the websites of the Company and the Stock Exchange.

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

Hong Kong, 30 March 2023

As at the date hereof, the executive Directors are Mr. CHOI Yun Chor, Mr. CHEN Jian, Mr. TAI Kwok Keung Kenny and Ms. HUNG Wang Kai Grace; and the independent non-executive Directors are Ms. LAI Cheuk Yu Cherrie, Mr. HUANG Xiangyang and Mr. NGOK Ho Wai.