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东胜智慧城市服务

ORIENT VICTORY SMART URBAN SERVICES

ORIENT VICTORY SMART URBAN SERVICES HOLDING LIMITED

東勝智慧城市服務控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 265)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022**

HIGHLIGHTS:

- The Group recorded revenue of approximately HK\$227.0 million (2021: approximately HK\$128.4 million (re-presented)) for the Year, representing an increase of approximately 77% as compared to the corresponding period of 2021, which was primarily driven by the commencement of its property management businesses since May 2021. The full year performance of the property management businesses during the Year contributed revenue of approximately HK\$157.5 million (2021: approximately HK\$72.0 million) to the Group, representing an increase of approximately 119% as compared to the corresponding period of 2021.
- Profit for the Year attributable to the equity holders of the Company from continuing operations was approximately HK\$23.7 million (2021: loss for the year attributable to the equity holders of the Company from continuing operations of approximately HK\$14.6 million (re-presented)). Such improvement was mainly attributable to the increase in segment results of the property management businesses for the Year by approximately HK\$35.8 million as compared to the corresponding period of 2021.
- Basic and diluted earning per share from continuing operations attributable to the equity holders of the Company for the Year was approximately HK0.03 cent (2021: loss per share from continuing operations attributable to the equity holders of the Company of approximately HK0.21 cent (re-presented)).
- The Board does not recommend the payment of a final dividend for the Year (2021: nil).

The board (the “**Board**”) of directors (the “**Director(s)**”) of Orient Victory Smart Urban Services Holding Limited (the “**Company**”, formerly known as Orient Victory Travel Group Company Limited) hereby announces the consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2022 (the “**Year**”), together with comparative figures for the last financial year as follows.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2022

(Expressed in Hong Kong dollars (“**HK\$**”))

	Notes	2022 HK\$’000	2021 HK\$’000 <i>(Re-presented)</i> <i>(note)</i>
Continuing operations:			
Revenue	3	226,967	128,352
Cost of sales and services		<u>(158,489)</u>	<u>(92,121)</u>
Gross profit		68,478	36,231
Other income		4,552	3,171
Selling, general and administrative expenses		(35,741)	(57,861)
Impairment of intangible assets		–	(4,213)
Share of results of an associate		(2,578)	41
Fair value changes on investment properties		(6,840)	3,144
Gain on acquisitions of subsidiaries		–	2,986
Finance costs	4	<u>(2,891)</u>	<u>(1,721)</u>
Profit/(loss) before taxation	5	24,980	(18,222)
Income tax	6	<u>(3,223)</u>	<u>(5,669)</u>
Profit/(loss) for the year from continuing operations		21,757	(23,891)
Discontinued operations:			
Profit for the year from discontinued operations		<u>6,158</u>	<u>3,157</u>
Profit/(loss) for the year		<u>27,915</u>	<u>(20,734)</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONTINUED)

For the year ended 31 December 2022

(Expressed in HK\$)

	Note	2022 HK\$'000	2021 HK\$'000 (Re-presented) (note)
Attributable to:			
Equity holders of the Company			
– continuing operations		23,661	(14,626)
– discontinued operations		<u>6,158</u>	<u>4,218</u>
		<u>29,819</u>	<u>(10,408)</u>
Non-controlling interests			
– continuing operations		(1,904)	(9,265)
– discontinued operations		<u>–</u>	<u>(1,061)</u>
		<u>(1,904)</u>	<u>(10,326)</u>
Profit/(loss) for the year		<u>27,915</u>	<u>(20,734)</u>
Basic and diluted earnings/(loss) per share	7		
– continuing operations		HK0.03 cent	(HK0.21 cent)
– discontinued operations		<u>HK0.05 cent</u>	<u>HK0.03 cent</u>

Note: The re-presentation of comparative information is attributable to (i) the discontinued operations; and (ii) the reclassification of certain comparative figures, where necessary, to conform to the basis of presentation and the classification adopted in the current year.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022

(Expressed in HK\$)

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i> <i>(Re-presented)</i> <i>(note)</i>
Profit/(loss) for the year	<u>27,915</u>	<u>(20,734)</u>
Other comprehensive income/(loss)		
<i>Items that are reclassified or may be reclassified subsequently to profit or loss:</i>		
– exchange differences on translation of foreign operations	(45,484)	16,996
– exchange difference on translation of share of other comprehensive income of an associate	(2,559)	–
– exchange reserve recycled to profit or loss upon disposal of subsidiaries	<u>–</u>	<u>718</u>
	<u>(48,043)</u>	<u>17,714</u>
Total comprehensive loss for the year	<u>(20,128)</u>	<u>(3,020)</u>
Attributable to:		
Equity holders of the Company		
– continuing operations	(21,961)	2,202
– discontinued operations	<u>6,158</u>	<u>4,130</u>
	<u>(15,803)</u>	<u>6,332</u>
Non-controlling interests		
– continuing operations	(4,325)	(8,291)
– discontinued operations	<u>–</u>	<u>(1,061)</u>
	<u>(4,325)</u>	<u>(9,352)</u>
Total comprehensive loss for the year	<u>(20,128)</u>	<u>(3,020)</u>

Note: The re-presentation of comparative information is attributable to the discontinued operations.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

(Expressed in HK\$)

	Notes	2022 HK\$'000	2021 HK\$'000 (Re-presented) (note)
Non-current assets			
Goodwill		–	–
Property, plant and equipment		155,629	105,704
Investment properties		82,437	100,599
Right-of-use assets		27,046	32,151
Intangible assets		109	159
Investments in an associate		27,779	32,916
Prepayments, deposits and other receivables		25,614	–
Deferred tax assets		2,088	2,625
		<u>320,702</u>	<u>274,154</u>
Current assets			
Inventories		15,535	16,385
Trade receivables	8	65,656	30,607
Amounts due from an associate		141,901	153,943
Prepayments, deposits and other receivables		61,854	160,688
Restricted bank deposits		315	1,423
Cash and cash equivalents		205,857	255,219
		<u>491,118</u>	<u>618,265</u>
Current liabilities			
Trade payables	9	45,545	31,178
Contract liabilities		25,297	29,688
Other payables		60,194	96,730
Tax payable		5,337	1,390
Lease liabilities		7,704	9,024
Provisions		930	1,010
		<u>145,007</u>	<u>169,020</u>
Net current assets		<u>346,111</u>	<u>449,245</u>
Total assets less current liabilities		<u>666,813</u>	<u>723,399</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 December 2022

(Expressed in HK\$)

	<i>Note</i>	2022 HK\$'000	2021 HK\$'000 <i>(Re-presented)</i> <i>(note)</i>
Non-current liabilities			
Lease liabilities		47,134	62,450
Deferred tax liabilities		12,734	13,226
Provisions		662	1,729
		60,530	77,405
NET ASSETS		606,283	645,994
CAPITAL AND RESERVES			
Share capital	<i>10</i>	64,610	64,610
Perpetual convertible securities		296,274	296,274
Reserves		228,272	262,490
Equity attributable to equity holders of the Company		589,156	623,374
Non-controlling interests		17,127	22,620
TOTAL EQUITY		606,283	645,994

Note: Certain comparative figures have been reclassified, where necessary, to conform to the basis of presentation and the classification adopted in the current year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in HK\$ unless otherwise indicated)

1 GENERAL

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

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

The consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2021 consolidated financial statements except for the adoption of the following new/revised HKFRSs that are relevant to the Group and effective from the current year.

Adoption of new/revised HKFRSs

Amendments to HKFRS 16: Covid-19-Related Rent Concessions Beyond 30 June 2021

The amendments exempt lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the covid-19 pandemic are lease modifications and allow lessees to account for such rent concessions as if they were not lease modifications. It applies to covid-19-related rent concessions that reduce lease payments due on or before 30 June 2022. The amendments do not affect lessors.

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

Amendments to HKAS 16: Proceeds before Intended Use

The amendments clarify the accounting requirements for proceeds received by an entity from selling items produced while testing an item of property, plant or equipment before it is used for its intended purpose. An entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss and measures the cost of those items applying the measurement requirements of HKAS 2.

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

Amendments to HKAS 37: Cost of Fulfilling a Contract

The amendments clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (for example, direct labour and materials) and an allocation of other costs that relate directly to fulfilling contracts (for example, an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

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

Amendments to HKFRS 3: Reference to the Conceptual Framework

The amendments update a reference in HKFRS 3 to the Conceptual Framework for Financial Reporting issued in 2018. The amendments also add to HKFRS 3 an exception to its requirement for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for some types of liabilities and contingent liabilities, an entity applying HKFRS 3 should instead refer to HKAS 37. The exception has been added to avoid an unintended consequence of updating the reference.

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

Annual Improvements Project – 2018–2020 Cycle

HKFRS 1: Subsidiary as a First-time Adopter

This amendment simplifies the application of HKFRS 1 for a subsidiary that becomes a first-time adopter of HKFRSs later than its parent – i.e. if a subsidiary adopts HKFRSs later than its parent and applies HKFRS 1.D16(a), then a subsidiary may elect to measure cumulative translation differences for all foreign operations at amounts included in the consolidated financial statements of the parent, based on the parent’s date of transition to HKFRSs.

HKFRS 9: Fees in the “10 per cent” Test for Derecognition of Financial Liabilities

This amendment clarifies that – for the purpose of performing the “10 per cent test” for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf.

HKFRS 16: Lease Incentives

The amendment removes the illustration of payments from the lessor relating to leasehold improvements. As currently drafted, Example 13 is not clear as to why such payments are not a lease incentive.

HKAS 41: Taxation in Fair Value Measurements

This amendment removes the requirement to exclude cash flows for taxation when measuring fair value, thereby aligning the fair value measurement requirements in HKAS 41 with those in HKFRS 13.

These amendments do not have significant impact on the consolidated financial statements.

Future changes in HKFRSs

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

Amendments to HKAS 1	<i>Disclosure of Accounting Policies</i> ^[1]
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i> ^[1]
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i> ^[1]
HKFRS 17	<i>Insurance Contracts</i> ^[1]
Amendment to HKFRS 17	<i>Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information</i> ^[1]
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current</i> ^[2]
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants</i> ^[2]
Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i> ^[2]
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ^[3]

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

^[2] Effective for annual periods beginning on or after 1 January 2024

^[3] The effective date to be determined

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

3 REVENUE AND SEGMENT REPORTING

(a) Revenue

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i> <i>(Re-presented)</i>
Continuing operations		
Revenue from contracts with customers within HKFRS 15 – At fixed price:		
Property management services	136,057	62,263
Environmental hygiene services	40,800	2,171
Marketing, event planning and consulting services	20,413	26,521
Tourism attractions related income	8,285	27,058
Travel and other related services	–	567
	<u>205,555</u>	<u>118,580</u>
Revenue from other sources:		
Rental income	<u>21,412</u>	<u>9,772</u>
	<u><u>226,967</u></u>	<u><u>128,352</u></u>

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

For the Year, the Group had transactions with a customer (i.e. Orient Victory Property Development Group Co., Ltd.* (“OVPD”, 東勝房地產開發集團有限公司), which is wholly-owned by Mr. Shi, the controlling shareholder of the Company) and entities under its control in the property management segment and the integrated development segment, contributing total revenue of approximately HK\$69,058,000 (2021: approximately HK\$40,615,000) to the Group, representing over 10% of the Group’s revenue for the Year.

(b) Segment reporting

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

The Group's operating divisions are as follows:

Continuing reportable segments:

- the property management segment, which involves the provision of property management and leasing services for residential and commercial properties in the PRC.
- the environmental hygiene segment, which involves the provision of environmental hygiene services for urban and rural areas in the PRC.
- the integrated development segment, which involves the development and operation of tourism and cultural attractions, and the provision of marketing, event planning and consulting services in the PRC.
- the diversified tourism products and services segment, which comprises the provision of travel related and other services principally to corporate clients in the PRC.

Discontinued reportable segment:

- the diversified tourism products and services segment in Hong Kong (which mainly comprised sales of air tickets) operated by Four Seas Tours Limited (“**Four Seas**”, a then 65%-owned subsidiary of the Group), which was disposed of by the Group on 30 August 2022.
- the property development business segment 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 Four Seas and the OVNZ Group were classified and presented as discontinued operations in the consolidated financial statements, and the comparative figures have been re-presented to show the discontinued operations separately from continuing operations.

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

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

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

Disaggregation of revenue from contracts with customers by the timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the Year and the year ended 31 December 2021 is set out below.

	Continuing operations										Discontinued operations							
	Property management		Environment hygiene		Integrated development		Diversified tourism products and services		Sub-total		Four Seas		OVNZ Group		Sub-total		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(Re-presented)		(Re-presented)			(Re-presented)		(Re-presented)		(Re-presented)		(Re-presented)		(Re-presented)		(Re-presented)	
		(note)		(note)			(note)		(note)		(note)		(note)		(note)		(note)	
Disaggregated by timing of revenue recognition:																		
- Point in time	-	-	-	-	-	38,018	-	567	-	38,585	33,410	13,920	-	33,410	13,920	33,410	52,505	
- Over time	136,057	62,263	40,800	2,171	28,698	15,561	-	-	205,555	79,995	-	-	-	-	-	205,555	79,995	
	136,057	62,263	40,800	2,171	28,698	53,579	-	567	205,555	118,580	33,410	13,920	-	33,410	13,920	238,965	132,500	
Rental income	21,412	9,772	-	-	-	-	-	-	21,412	9,772	-	-	-	-	-	21,412	9,772	
Reportable segment revenue	<u>157,469</u>	<u>72,035</u>	<u>40,800</u>	<u>2,171</u>	<u>28,698</u>	<u>53,579</u>	<u>-</u>	<u>567</u>	<u>226,967</u>	<u>128,352</u>	<u>33,410</u>	<u>13,920</u>	<u>-</u>	<u>33,410</u>	<u>13,920</u>	<u>260,377</u>	<u>142,272</u>	
Segment results	<u>44,754</u>	<u>8,954</u>	<u>(4,019)</u>	<u>(1,043)</u>	<u>(8,249)</u>	<u>2,601</u>	<u>5,711</u>	<u>(17,690)</u>	<u>38,197</u>	<u>(7,178)</u>	<u>6,197</u>	<u>(2,963)</u>	<u>8,200</u>	<u>6,197</u>	<u>5,237</u>	<u>44,394</u>	<u>(1,941)</u>	
Corporate and other unallocated income and expenses, net									(10,326)	(9,323)	-	-	-	-	-	(10,326)	(9,323)	
Finance costs									(2,891)	(1,721)	(39)	(69)	(129)	(39)	(198)	(2,930)	(1,919)	
Profit/(loss) before taxation									<u>24,980</u>	<u>(18,222)</u>	<u>6,158</u>	<u>(3,032)</u>	<u>8,071</u>	<u>6,158</u>	<u>5,039</u>	<u>31,138</u>	<u>(13,183)</u>	
Segment assets	<u>153,302</u>	<u>119,820</u>	<u>92,772</u>	<u>7,803</u>	<u>356,896</u>	<u>435,272</u>	<u>825</u>	<u>3,423</u>	<u>603,795</u>	<u>566,318</u>	<u>-</u>	<u>3,946</u>	<u>-</u>	<u>-</u>	<u>3,946</u>	<u>603,795</u>	<u>570,264</u>	
Corporate and other unallocated assets																<u>208,025</u>	<u>322,155</u>	
Total assets																<u>811,820</u>	<u>892,419</u>	
Segment liabilities	<u>118,891</u>	<u>119,553</u>	<u>18,680</u>	<u>357</u>	<u>47,537</u>	<u>70,065</u>	<u>16,671</u>	<u>18,143</u>	<u>201,779</u>	<u>208,118</u>	<u>-</u>	<u>20,152</u>	<u>-</u>	<u>-</u>	<u>20,152</u>	<u>201,779</u>	<u>228,270</u>	
Corporate and other unallocated liabilities																<u>3,758</u>	<u>18,155</u>	
Total liabilities																<u>205,537</u>	<u>246,425</u>	

	Continuing operations										Discontinued operations											
	Property management				Environment hygiene				Diversified tourism products and services		Corporate and other unallocated items		Sub-total		Four Seas		OVNZ		Sub-total		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(Re-presented)		(Re-presented)		(Re-presented)		(Re-presented)		(Re-presented)		(Re-presented)		(Re-presented)		(Re-presented)		(Re-presented)		(Re-presented)		(Re-presented)
		(note)		(note)		(note)		(note)		(note)		(note)		(note)		(note)		(note)		(note)		(note)
Other segment information:																						
Amortisation and depreciation	1,302	1,401	2,309	30	5,027	4,874	117	115	1,130	624	9,885	7,044	497	635	2	497	637	10,382	7,681			
Capital expenditure	664	3,406	65,240	828	763	4,898	-	-	1,000	436	67,667	9,568	13	2,203	-	13	2,203	67,680	11,771			
Fair value changes on investment properties	6,840	3,785	-	-	-	(6,929)	-	-	-	-	6,840	(3,144)	-	-	-	-	-	6,840	(3,144)			
Impairment of intangible assets	-	-	-	-	-	-	-	4,213	-	-	-	4,213	-	-	-	-	-	-	4,213			
Loss on disposal of investment properties and lease liabilities, net	61	-	-	-	-	-	-	-	-	-	61	-	-	-	-	-	-	61	-			
Share of results of an associate	-	-	-	-	2,578	(41)	-	-	-	-	2,578	(41)	-	-	-	-	-	2,578	(41)			
Provision/(reversal) of loss allowance on trade receivables	393	102	532	-	2,908	2,209	(306)	(1,256)	-	-	3,527	1,055	(4)	4	-	(4)	4	3,523	1,059			
Provision/(reversal) of bad debt of other receivables	-	-	-	-	530	-	(5,739)	18,174	-	(2,579)	(5,209)	15,595	-	-	-	-	-	(5,209)	15,595			
Write-off of property, plant and equipment	33	1	-	-	25	-	-	-	-	40	58	41	-	-	-	-	-	58	41			
Direct operating expenses arising from investment properties that generated rental income	2,471	420	-	-	-	-	-	-	-	-	2,471	420	-	-	-	-	-	2,471	420			

Note: The re-presentation of comparative information is attributable to (i) the discontinued operations; (ii) the reclassification of results, assets and liabilities attributable to the environmental hygiene segment for the year ended 31 December 2021 from the property management segment; and (iii) the reclassification of certain comparative figures, where necessary, to conform to the basis of presentation and the classification adopted in the current year.

(ii) Geographical information

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

	Revenue from external customers (Continuing operations)		Revenue from external customers (Discontinued operations)		Non-current assets	
	2022	2021	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(Re-presented)		(Re-presented)		
Hong Kong	-	-	33,410	13,920	2,630	5,541
Mainland China	226,967	128,352	-	-	288,205	233,072
	226,967	128,352	33,410	13,920	290,835	238,613

4 FINANCE COSTS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i> <i>(Re-presented)</i>
Continuing operations		
Interest on lease liabilities	2,712	1,704
Interest on other borrowings	179	17
	<u>2,891</u>	<u>1,721</u>

5 PROFIT/(LOSS) BEFORE TAXATION

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i> <i>(Re-presented)</i>
Continuing operations		
Staff costs (including Directors' emoluments):		
– wages, salaries and other benefits	51,584	17,132
– contribution to defined contribution scheme	4,919	644
– equity-settled share-based payment expenses	219	159
	<u>56,722</u>	<u>17,935</u>
Other items:		
Auditors' remuneration	1,851	5,707
Amortisation of intangible assets	39	39
Depreciation:		
– property, plant and equipment	7,052	4,931
– right-of-use assets	2,794	2,074
Cost of inventories sold	131	4,622
Direct operating expenses arising from investment properties that generated rental income	2,471	420
Impairment of intangible assets	–	4,213
Write-off of property, plant and equipment	58	41
Loss on disposal of investment properties and lease liabilities, net	61	–
Loss allowance on trade receivables	3,527	1,055
Provision/(reversal) of bad debt of other receivables	(5,209)	15,595
Exchange gain, net	(956)	(660)
	<u>(956)</u>	<u>(660)</u>

6 INCOME TAX

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Continuing operations		
Current tax – PRC Enterprise Income Tax		
Current year	4,897	4,494
Deferred tax		
Origination/(reversal) of temporary differences	<u>(1,674)</u>	<u>1,175</u>
	<u><u>3,223</u></u>	<u><u>5,669</u></u>

Notes:

- (i) For the Year and the year ended 31 December 2021, Hong Kong Profits Tax has not been provided as the Group incurred losses for taxation purpose in Hong Kong for both years.
- (ii) Pursuant to the rules and regulations of the Cayman Islands and the 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) The PRC Enterprise Income Tax in respect of operations in the mainland of the PRC is calculated at a rate of 25% (2021: 25%) on the estimated assessable profits for the Year based on existing legislation, interpretations and practices in respect thereof.

7 EARNINGS/(LOSS) PER SHARE

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

Profit/(loss) for the year attributable to the equity holders of the Company

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i> <i>(Re-presented)</i>
Continuing operations		
Profit/(loss) attributable to the equity holders of the Company	23,661	(14,626)
Distributions paid to the holders of perpetual convertible securities	(15,874)	(7,937)
Accrued distributions to the holders of perpetual convertible securities	<u>(4,200)</u>	<u>(4,200)</u>
	<u><u>3,587</u></u>	<u><u>(26,763)</u></u>
Discontinued operations		
Profit attributable to the equity holders of the Company	<u><u>6,158</u></u>	<u><u>4,218</u></u>

Weighted average number of ordinary shares

	2022 Number of shares '000	2021 Number of shares '000
Weighted average number of ordinary shares for the purpose of calculating basic earnings/(loss) per share	<u>12,922,075</u>	<u>12,922,075</u>

The computation of diluted earnings/(loss) per share for the Year and the year ended 31 December 2021 did not assume the conversion of the perpetual convertible securities and the issue of certain shares under the share award scheme since their assumed conversion and issue during the years would have an anti-dilutive effect on the basic earnings/(loss) per share amount presented.

8 TRADE RECEIVABLES

	2022 HK\$'000	2021 HK\$'000
Trade receivables		
– From third parties	23,698	6,780
– From related parties in which Mr. Shi, a Director, has beneficial interest	<u>53,942</u>	<u>32,265</u>
	77,640	39,045
Loss allowance	<u>(11,984)</u>	<u>(8,438)</u>
	<u>65,656</u>	<u>30,607</u>

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

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

	2022 HK\$'000	2021 HK\$'000
Within 90 days	30,195	20,550
91 to 180 days	19,317	6,541
181 to 365 days	11,481	3,516
Over 365 days	<u>4,663</u>	<u>–</u>
	<u>65,656</u>	<u>30,607</u>

Loss allowance on trade receivables of HK\$3,527,000 (2021: HK\$1,059,000) was recognised in profit or loss during the Year.

9 TRADE PAYABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade payables		
– To third parties	45,366	20,922
– To related parties	<u>179</u>	<u>10,256</u>
	<u><u>45,545</u></u>	<u><u>31,178</u></u>

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within 90 days	19,072	18,962
91 to 180 days	7,927	3,052
181 to 365 days	10,235	9,164
Over 365 days	<u>8,311</u>	<u>–</u>
	<u><u>45,545</u></u>	<u><u>31,178</u></u>

Included in trade payables as at 31 December 2021 are payables of HK\$10,256,000 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.

10 SHARE CAPITAL

	2022		2021	
	Number of ordinary shares '000	<i>HK\$'000</i>	Number of ordinary shares '000	<i>HK\$'000</i>
Authorised:				
At the beginning and the end of the reporting period, ordinary shares of HK\$0.005 each	<u>20,000,000</u>	<u>100,000</u>	<u>20,000,000</u>	<u>100,000</u>
Issued and fully paid:				
At the beginning and the end of the reporting period, ordinary shares of HK\$0.005 each	<u>12,922,075</u>	<u>64,610</u>	<u>12,922,075</u>	<u>64,610</u>

11 DIVIDEND

The Board does not recommend the payment of a final dividend for the Year (2021: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Overview, Business Strategy and Business Performance

Since the outbreak of the novel coronavirus disease (2019) (COVID-19) pandemic (the “**Pandemic**”) in the early 2020, the Group’s diversified tourism products and services businesses, which mainly engages in the sales of outbound air tickets and provision of outbound tourism-related services, have been inevitably affected. To cope with the unprecedented market change resulting from the Pandemic, the Group has been exploring new income stream in the PRC. Following the completion of acquisitions of the entire equity interests in Hebei Dongsheng Property Management Services Company Limited* (河北東勝物業服務有限公司, “**Dongsheng PMS**”) (formerly known as Shijiazhuang Dongsheng Property Management Services Company Limited* (石家莊市東勝物業服務有限公司)) and Kinyoun International Limited (“**Kinyoun International**”) in May 2021 and August 2021 respectively, and the secure of the Group’s first environmental hygiene service project in Zhangjiakou City, Hebei Province, the PRC in the fourth quarter of 2021, the Group commenced its property management and leasing services businesses and environmental hygiene businesses, signifying the Group’s success on diversifying its business focus into urban services related businesses with domestic demand and public services features. Benefit from the further development on these businesses, the Group recorded an increase in revenue for the Year, and profit attributable to the equity holders of the Company from continuing operations of approximately HK\$23.7 million (2021: loss attributable to the equity holders of the Company from continuing operations of approximately HK\$14.6 million (re-presented)) was recognised during the Year.

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

Set out below is the performance review of each of the Group's principal businesses during the Year.

Property Management Businesses

Recent policies of the property management industry in the PRC continued to be positive. Pursuant to the Notice on Strengthening and Improving Residential Property Management (Jianfanggui (2020) 10th Document)* (關於加強和改進住宅物業管理工作的通知(建房規(2020)10號)) issued by ten government authorities including the Ministry of Housing and Urban-Rural Development of the PRC (中華人民共和國住房和城鄉建設部), in order to satisfy the public aspiration of better living quality and condition, the development of residential property management industry shall be facilitated and the quality and diversification of services shall be enhanced. In particular, the notice requires the local governments to regulate the relationship between governments and enterprises at the grassroots level, facilitate the enhancement of scope of services, management and quality of property management services, support acquisition of the property management companies, encourage market-based property management fees, etc., to develop a long-term effective management mechanism of property management operations, pointing the way for healthy and long-term development of the industry. In addition, the "14th Five-Year" Plan promotes the development of property management industry on the aspects of quality development of the residential services industries, comprehensive promotion of rural revitalisation, consolidation of achievements in poverty alleviation, improvement in the urban governance level, improvement in community management and service mechanisms, construction of a green policy development system, etc., providing room for development of the property management industry.

Dongsheng PMS and its subsidiaries are the Group's flagship companies on the property management operations, which possesses certifications of the ISO 9001 (Quality Management Systems), ISO 14001 (Environmental Management Systems) and ISO 45001 (Occupational Health and Safety Management Systems). Benefit from the comprehensive strength and service quality, Dongsheng PMS won various awards in the past, including but not limited to the following:

Name of Awards	Awarding Institutions
2022 Companies in terms of Comprehensive Strength on China Property Services* (二零二二中國物業服務年度綜合實力品牌企業)	China Real Estate News* (中國房地產報社) and China International Real Estate & Architectural Technology Fair* (CIHAF中國住交會)
2022 Leading Companies in Property Management Industry in Hebei Province* (二零二二年度河北省物業管理行業先進單位)	Hebei Property Management Institute* (河北省物業管理行業協會)
2022 China Five-Star Property Management Services Project* (二零二二中國五星級物業服務項目)	Beijing China Index Academy* (北京中指信息技術研究院)
2022 Companies of Excellence in China City Property Services Satisfaction* (二零二二中國城市物業服務滿意度優秀企業)	China Index Academy* (中國指數研究院)
2022 Benchmark Companies in terms of Comprehensive Strength on China Property Services* (二零二二中國物業服務綜合實力標桿企業)	China Real Estate News* (中國房地產報社)
2021 Top 100 Property Management Services Companies in the PRC in terms of Brand Value* (二零二一年中國物業服務企業品牌价值百強企業)	China Real Estate News* (中國房地產報社)
2021 Star of Property Services in Hebei Province, Property Management Services with Gold Medal* (二零二一年冀房之星，金牌物業)	Hebeinews.cn* (河北新聞網)

During the Year, apart from improving the services quality of its existing projects, Dongsheng PMS and its subsidiaries put effort on operating scale expansion, and won several property management services biddings mainly in Shijiazhuang City, Hebei Province, the PRC, covering properties such as hospitals, colleges, commercial buildings and government buildings. As at 31 December 2022, Dongsheng PMS and its subsidiaries had a total contracted gross floor area of approximately 8.8 million square meters (2021: approximately 8.5 million square meters), of which a total gross floor area of approximately 7.9 million square meters (2021: approximately 7.6 million square meters) was under their management. The total gross floor area mainly involves residential properties, commercial properties, office buildings, sales offices and related areas, hospitals, government and other public facilities.

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

In addition, OVPD and its subsidiaries provided to the Group new business opportunities in relation to the property management services for their real estate projects. On 1 December 2021, the Company and OVPD entered into a framework agreement, pursuant to which OVPD agreed to appoint the Group for the provision of the property management services and the commercial properties and merchants management services for a term commencing on 1 December 2021 and ending on 31 December 2023, which allows the Group to further expand its property management businesses. The services constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules and the independent Shareholders approved the relevant framework agreement and transactions contemplated thereunder by way of poll at the extraordinary general meeting held on 16 March 2022. During the Year, relevant services provided to OVPD and its subsidiaries contributed revenue of approximately HK\$48.6 million (2021: approximately HK\$15.5 million) to the Group.

With the Group's effort on the development of its property management businesses, during the Year, the Group recorded revenue from property management businesses of approximately HK\$157.5 million (2021: approximately HK\$72.0 million).

Environmental Hygiene Businesses

The increasing awareness of environmental protection and governance in the PRC provides healthy development opportunities for the environmental hygiene industry. In 2022, the Chinese government launched a series of policies and implementation measures to support the environmental hygiene related industry, including promoting the investment and construction of urban and rural environmental protection infrastructures, accelerating the implementation of preferential policies on tax and surcharge for green development, intensifying efforts on reforming government procurement services in key areas such as urban and rural community public services and public health services, and speeding up the improvement of garbage collection and treatment system to facilitate the construction of smart garbage sorting facilities. Also, the Chinese government has promulgated the national standards for urban and rural sanitation and cleaning services to further regulate and improve the service quality.

Following the secure of the Group's first environmental hygiene service project in the fourth quarter of 2021, the Group further secured four environmental hygiene service projects at an aggregate annual contract sum of over RMB110 million (equivalent to approximately HK\$127.3 million) in four cities of Hebei Province, the PRC in 2022, which signifies the Group's continuous effort on expanding the environmental hygiene businesses. Revenue of approximately HK\$40.8 million (2021: approximately HK\$2.2 million) was recognised by the Group during the Year.

Integrated Development Businesses

Benefit from the effective prevention and control measures for the Pandemic put in place by the local government, the Group was able to carry out its business of operation and management of tourist attraction and cultural spot in Shijiazhuang City, Hebei Province, the PRC in a relatively stable manner. Owing to the temporary closures of the facilities at certain times and the limitation of the number of visitors, revenue in both 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. Marketing, event planning and consulting services contributed revenue of approximately HK\$20.4 million (2021: approximately HK\$26.5 million) to the Group during the Year. The decrease in 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.

Diversified Tourism Products and Services Businesses

The Group's diversified tourism products and services segment principally engages in the provision of outbound travel-related services for customers in the PRC and Hong Kong. Such businesses were severely affected by the Pandemic since the early 2020. No revenue was recognised from the Group's outbound travel-related services in the PRC in both years, while a low level of revenue was recorded for the Group's outbound travel-related services in Hong Kong in both years.

Four Seas Tours Limited (“**Four Seas**”, 四海旅行社有限公司), a then 65%-owned subsidiary of the Group, is principally engaged in the sale of air tickets and provision of other travel-related services in Hong Kong. In the view that Four Seas had been loss-making when it was a subsidiary of the Company and the timing of full recovery of the travel and tourism industry had been uncertain, on 22 August 2022, the Group (as vendor) entered into a share transfer agreement with Four Seas Travel (BVI) Limited (“**Four Seas BVI**”, a then connected person of the Company at the subsidiary level) (as purchaser) to dispose of its 65% interest in Four Seas. The disposal was completed on 30 August 2022. By completing the disposal, the Group is able to (i) reallocate more resources on its profit-making businesses; (ii) avoid potential future operating losses of Four Seas; and (iii) recognise a net gain on disposal of Four Seas of approximately HK\$6.2 million in the second half of 2022. Further details of the disposal are set out in the Company’s announcement dated 22 August 2022.

Future Outlook

The recent supportive policies on property management and environmental hygiene industries pave a healthy way for the Group’s property management businesses and environmental hygiene businesses, and the reopening of the PRC in early 2023 facilitates the recovery of the travel and tourism industry in the PRC.

Looking forward, the Group will uphold its social responsibility aiming at providing customers with high quality services for better quality of life while improving the Group’s brand value. Meanwhile, the Group will continue to develop and expand its property management businesses and environmental hygiene businesses steadily through organic growth, bidding of new projects and strategic acquisitions and cooperation. As for the Group’s diversified tourism products and services businesses, following the reopening of the PRC in early 2023, it is expected that outbound travel industry will be gradually recovered. The Group will monitor the development of the outbound travel industry and cautiously consider the profitability and resources available before resuming such businesses.

Business Review

Property Management Businesses

The Group started engaging in the property management businesses since completion of the acquisition of the entire equity interest in Dongsheng PMS on 18 May 2021. Dongsheng PMS and its subsidiaries are principally engaged in the provision of property management and leasing services for residential and commercial properties in Hebei Province, the PRC. As at 31 December 2022, Dongsheng PMS and its subsidiaries had a total contracted gross floor area of approximately 8.8 million square meters (2021: approximately 8.5 million square meters), of which a total gross floor area of approximately 7.9 million square meters (2021: approximately 7.6 million square meters) was under their management. The total gross floor area mainly involves residential properties, commercial properties, office buildings, sales offices and related areas, hospitals, government and other public facilities.

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

Further details of the business performance of the property management businesses are set out in the section headed “Property Management Businesses” under “Industry Overview, Business Strategy and Business Performance” in “Management Discussion and Analysis”.

Benefit from the acquisitions and the business development and performance of Dongsheng PMS and Kinyoun International, the Group recorded revenue from property management and leasing services of approximately HK\$157.5 million (2021: approximately HK\$72.0 million) during the Year, representing an increase of 119% as compared to the corresponding period of last year.

Environmental Hygiene Businesses

The Group commenced its environmental hygiene businesses following the secure of an environmental hygiene service project in Zhangjiakou City, Hebei Province, the PRC in the fourth quarter of 2021. As at 31 December 2022, the Group had five environmental hygiene service projects in operation locating at five cities of Hebei Province, the PRC. Revenue of approximately HK\$40.8 million (2021: approximately HK\$2.2 million) was recognised by the Group during the Year.

Integrated Development Businesses

The Group has been operating in the integrated development businesses since the acquisition of the entire interest in a piece of land located at corner Miller Rise, Bankside Road, Millwater Parkway, Silverdale, Auckland, New Zealand with an aggregate area of approximately 15,742 square meters in 2017. Construction of the first phase of the project was completed in 2019 and all residential units of the first phase of the project were sold in 2020. In respect of the remaining portion of the piece of land (approximately 12,986 square meters), with an aim to improving the cash inflows, in December 2020, the Group (as vendor) entered into two agreements for sale and purchase of real estate with an independent third party of the Company (as purchaser) to dispose of the remaining portion of the piece of land for a total consideration of approximately New Zealand Dollar (“**NZD**”) 10.3 million (equivalent to approximately HK\$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 ended 31 December 2021. Pursuant to a shareholder resolution of Orient Victory New Zealand Limited, a wholly-owned subsidiary of the Company dated 6 September 2021, as all the Group’s land and residential properties in New Zealand were disposed of by May 2021 and the Group had no further investment and development plan in New Zealand, it was resolved to commence the liquidation procedures of all the Group’s wholly-owned subsidiaries in New Zealand. The liquidation procedures were completed on 5 November 2021. Accordingly, results of the Group’s property development business in New Zealand for the year ended 31 December 2021 were classified and presented as a discontinued operation in the Group’s consolidated financial statements.

On the other hand, Hebei Tu Men Travel Development Limited* (河北土門旅遊開發有限公司) (“**Tu Men Travel**”), which is principally engaged in the operation and management of tourist attractions and cultural spots and owns a tourist attraction and cultural spot in Shijiazhuang City, Hebei Province, the PRC, contributed revenue of approximately HK\$8.3 million (2021: approximately HK\$27.1 million) to the Group during the Year. At the beginning of the Year, to better control its operating risks, Tu Men Travel revised its operating model providing relevant merchants with greater operating rights and responsibilities, whereby relevant merchants share with Tu Men Travel a portion of their merchandising revenue. The revision in operating model resulted in the change in revenue recognition for part of the revenue of Tu Men Travel from gross basis to net basis, and led to a decrease in revenue of Tu Men Travel for the Year as compared to the corresponding period of last year. Gross profit of Tu Men Travel for the Year amounted to approximately HK\$2.9 million (2021: approximately HK\$5.2 million). The decrease in gross profit as compared to the corresponding period of last year was primarily attributable to the decrease in number of visitors of the tourist attraction and cultural spot amid the stricter prevention and control measures for the Pandemic put in place by the local government in the second half of 2022.

In addition, since 2019, the Group has been operating event planning and all-round event production services in respect of the real estate development in the PRC, and has recruited a team of talents equipped with extensive experience in corporate image building, brand management, marketing, event planning and public relations and communication. Revenue of approximately HK\$20.4 million (2021: approximately HK\$26.5 million) was recognised during the Year. The decrease in 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 City, Hebei Province, the PRC, with an aggregate area of 14,637 square meters, is under planning stage and was recognised as inventories in the Group's consolidated financial statements as at 31 December 2022 in the carrying amount of approximately HK\$15.3 million (2021: approximately HK\$15.8 million).

Besides, pursuant to an agreement dated 28 October 2021 entered into between the Group and a local government authority, a piece of land in Shijiazhuang City, Hebei Province, the PRC with an aggregate area of approximately 21,647 square meters, which was recognised as inventories in the consolidated financial statements as at 31 December 2020 in the carrying amount of approximately HK\$102.3 million, was returned to the local government in 2021 for the consideration of approximately RMB85.0 million (equivalent to approximately HK\$102.2 million). Proceeds of RMB66.0 million (equivalent to approximately HK\$74.3 million) was received up to the date of this announcement.

Diversified Tourism Products and Services Businesses

The Group's diversified tourism products and services segment principally engages in the provision of outbound travel-related services for customers in the PRC and Hong Kong. Such businesses were severely affected by the Pandemic since the early 2020. No revenue was recognised from the Group's outbound travel-related services in the PRC in both years, while a low level of revenue was recorded for the Group's outbound travel-related services in Hong Kong in both years.

On 30 August 2022, the Group disposed of its outbound travel-related services business in Hong Kong, further details of which are set out in the section headed "Diversified Tourism Products and Services Businesses" under "Industry Overview, Business Strategy and Business Performance" in "Management Discussion and Analysis".

Financial Analysis

Operating Performance

a. Continuing operations

Analysis by nature of revenue:

	2022		2021	
	HK\$'000	%	HK \$'000 (Re-presented)	% (Re-presented)
Property management businesses:				
Property management and leasing related services	<u>157,469</u>	<u>69.4</u>	<u>72,035</u>	<u>56.1</u>
Environmental hygiene businesses:				
Environmental hygiene services	<u>40,800</u>	<u>18.0</u>	<u>2,171</u>	<u>1.7</u>
Integrated development businesses:				
Marketing, event planning and consulting services	<u>20,413</u>	<u>9.0</u>	<u>26,521</u>	<u>20.7</u>
Tourism attractions related income	<u>8,285</u>	<u>3.6</u>	<u>27,058</u>	<u>21.1</u>
Sub-total	<u>28,698</u>	<u>12.6</u>	<u>53,579</u>	<u>41.8</u>
Diversified tourism products and services businesses:				
Travel and other related services	<u>-</u>	<u>-</u>	<u>567</u>	<u>0.4</u>
Total	<u><u>226,967</u></u>	<u><u>100.0</u></u>	<u><u>128,352</u></u>	<u><u>100.0</u></u>

The Group recorded revenue of approximately HK\$227.0 million (2021: approximately HK\$128.4 million (re-presented)) for the Year, representing an increase of approximately 77% as compared to the corresponding period of last year.

The Group commenced its property management businesses in May 2021. The increase in revenue from property management businesses during the Year was mainly attributable to the recognition of full year performance of the property management businesses during the Year, while only approximately 7.5 months of relevant revenue was recognised during the year ended 31 December 2021. Details of the business performance of the property management businesses are set out in the section headed “Property Management Businesses” under “Industry Overview, Business Strategy and Business Performance” in “Management Discussion and Analysis”.

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

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

Gross profit

The Group recorded gross profit of approximately HK\$68.5 million (2021: approximately HK\$36.2 million (re-presented)) for the Year, representing an increase of approximately 89% as compared to the corresponding period of last year. The increase in gross profit was primarily attributable to the increase in revenue from property management businesses during the Year, which had a higher gross profit percentage as compared to the revenue from other segments.

The increase in gross profit percentage from approximately 28% (re-presented) during the year ended 31 December 2021 to approximately 30% 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 other segments.

Profit/(loss) for the Year from continuing operations

Profit for the Year from continuing operations amounted to approximately HK\$21.8 million (2021: loss for the year from continuing operations amounted to approximately HK\$23.9 million (re-presented)). Such improvement was primarily attributable to the increase in segment results of the property management businesses by approximately HK\$35.8 million during the Year as compared to the corresponding period of last year.

b. Discontinued operations

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

- i. the Group's property development business in New Zealand. Pursuant to a shareholder resolution of Orient Victory New Zealand Limited, a wholly-owned subsidiary of the Company dated 6 September 2021, as all the Group's land and residential properties in New Zealand were disposed of by May 2021 and the Group had no further investment and development plan in New Zealand, it was resolved to commence the liquidation procedures of all the Group's wholly-owned subsidiaries in New Zealand. The liquidation procedures were completed on 5 November 2021. Accordingly, results of the Group's property development business in New Zealand for the year ended 31 December 2021 were classified and presented as a discontinued operation in the Group's consolidated financial statements. The net profit of the property development business in New Zealand of approximately HK\$6.2 million during the year ended 31 December 2021 was primarily attributable to the net gain on disposal of the remaining portion of the piece of land located in New Zealand of approximately HK\$9.3 million, details of which are set out in the section headed "Integrated Development Businesses" under "Business Review" in "Management Discussion and Analysis".
- ii. the Group's diversified tourism products and services businesses in Hong Kong operated by Four Seas (a then 65%-owned subsidiary of the Group), which was disposed of by the Group on 30 August 2022. Accordingly, results of Four Seas (with net loss of approximately HK\$0.01 million (2021: approximately HK\$3.0 million) for the Year) and gain on disposal of Four Seas of approximately HK\$6.2 million (2021: nil) 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 re-presented to reflect the discontinued operation separately from continuing operations. Further details of the disposal are set out in the section headed "Diversified Tourism Products and Services Businesses" under "Industry Overview, Business Strategy and Business Performance" in "Management Discussion and Analysis".

Assets Structure

As at 31 December 2022 and 2021, the Group's assets mainly included property, plant and equipment and right-of-use assets, investment properties, investments in an associate, inventories, trade receivables, prepayments, deposits and other receivables, amounts due from an associate, restricted bank deposits and cash and cash equivalents, details of which are set out below:

- i. Property, plant and equipment and right-of-use assets of approximately HK\$182.7 million (2021: approximately HK\$137.9 million) as at 31 December 2022 in aggregate mainly represented (1) properties and other equipment of the tourist attraction and cultural spot owned by Tu Men Travel in the net carrying amount of approximately HK\$116.6 million (2021: approximately HK\$129.1 million); and (2) vehicles and other equipment of the Group's environmental hygiene businesses in the net carrying amount of approximately HK\$63.9 million (2021: approximately HK\$3.9 million), which were acquired to cope with the Group's increasing number of environmental hygiene operating projects.
- ii. Investment properties of approximately HK\$82.4 million (2021: approximately HK\$100.6 million) as at 31 December 2022 represented fair values of the right-of-use assets of non-residential properties located in Shijiazhuang City and Xingtai City, Hebei Province, the PRC leased by the Group from property owners to earn rentals.
- iii. Investments in an associate of approximately HK\$27.8 million (2021: approximately HK\$32.9 million) as at 31 December 2022 represented the Group's 40% equity interest in Zhangjiakou Dakun Zhifang Real Estate Development Co., Limited* (張家口大坤直方房地產開發有限公司) (“**Dakun Zhifang**”). Dakun Zhifang owns a piece of land in Zhangjiakou City, Hebei Province, the PRC with an aggregate area of 79,039 square meters, which was under preliminary development stage with “Certificate of Permitting Construction and Engineering Planning*” (“**建設工程規劃許可證**”) obtained in September 2021, and was recognised as investment properties and inventories in the books of Dakun Zhifang as at 31 December 2022 in the carrying amounts of approximately HK\$131.0 million and approximately HK\$95.7 million respectively (2021: approximately HK\$150.7 million and approximately HK\$103.0 million respectively).

Pursuant to two agreements dated 6 September 2021 (as supplemented on 15 July 2022) entered into between Dakun Zhifang and China Huarong Assets Management Co., Ltd. Hebei Branch* (中國華融資產管理股份有限公司河北省分公司) (“**Hebei Huarong**”), the land held by Dakun Zhifang (the “**Pledge**”), together with other assets owned by Mr. Shi, the controlling Shareholder, were pledged to Hebei Huarong to secure the repayments of certain borrowings obtained by entities controlled by Mr. Shi from Hebei Huarong in an aggregate principal amount of RMB464.1 million (equivalent to approximately HK\$522.7 million) as at 31 December 2022.

As at 31 December 2022, the Group's amounts due from Dakun Zhifang (the “**Advances**”, which were made when Dakun Zhifang was a subsidiary of the Company) of approximately HK\$141.9 million (2021: approximately HK\$153.9 million) are non-interest bearing and repayable on demand.

The obligations of Dakun Zhifang under the Pledge and the repayment of the Advances were guaranteed by the sales proceeds of certain properties held by an entity controlled by Mr. Shi, which shall be remitted into an escrow bank account (the “**Arrangement**”). As such, the directors of the Company consider that the risk associated with the Pledge and the credit risk arising from the Advances are significantly mitigated by the Arrangement after taking into consideration the estimated market value of the relevant properties and the Advances are expected to be fully recoverable.

- iv. Inventories of approximately HK\$15.5 million (2021: approximately HK\$16.4 million) as at 31 December 2022 mainly represented the carrying amount of a piece of land in Shijiazhuang City, Hebei Province, the PRC with an aggregate area of 14,637 square meters under planning stage of approximately HK\$15.3 million (2021: approximately HK\$15.8 million).
- v. Trade receivables of approximately HK\$65.7 million (2021: approximately HK\$30.6 million) as at 31 December 2022 were derived from the property management segment of approximately HK\$30.3 million (2021: approximately HK\$14.2 million), the environmental hygiene segment of approximately HK\$14.7 million (2021: approximately HK\$2.3 million), and the marketing, event planning and consulting services under the integrated development segment of approximately HK\$20.7 million (2021: approximately HK\$11.7 million). The increase in trade receivables was mainly attributable to the combined effect of the collection of trade receivables, disposal of 65% equity interest in Four Seas and the recognition of relevant revenue during the Year.
- vi. Prepayments, deposits and other receivables and amounts due from an associate of approximately HK\$229.4 million (2021: approximately HK\$314.6 million) as at 31 December 2022 mainly represented (1) receivables of approximately HK\$31.6 million (2021: approximately HK\$73.4 million) for the return of the piece of land in Shijiazhuang City, Hebei Province, the PRC with an aggregate area of approximately 21,647 square meters as detailed in the section headed “Integrated Development Businesses” under “Business Review” in “Management Discussion and Analysis”; (2) consideration paid for the acquisition of 47 commercial units from Qifuqianyue in the total amount of approximately HK\$25.6 million (2021: nil), which was classified as a non-current asset as at 31 December 2022; and (3) the Advances of approximately HK\$141.9 million (2021: approximately HK\$153.9 million). The decrease was mainly attributable to the receipts of loans in January 2022 made to certain independent third parties of the Company in an aggregate amount of approximately HK\$57.9 million, and the receipt for the return of the afore-mentioned piece of land of RMB32.0 million (equivalent to approximately HK\$37.0 million) during the Year.

- vii. Restricted bank deposits and cash and cash equivalents were approximately HK\$206.2 million (2021: approximately HK\$256.6 million) as at 31 December 2022. The decrease was mainly attributable to the combined effect of (1) the receipts of loans in January 2022 made to certain independent third parties of the Company in an aggregate amount of approximately HK\$57.9 million; (2) the receipt of approximately HK\$37.0 million in respect of the receivables for the return of the piece of land in Shijiazhuang City, Hebei Province, the PRC with an aggregate area of approximately 21,647 square meters as detailed in the section headed “Integrated Development Businesses” under “Business Review” in “Management Discussion and Analysis”; (3) consideration paid for the acquisition of 47 commercial units from Qifuqianyue in the total amount of approximately HK\$26.3 million; (4) the additions to vehicles and other equipment of the Group’s environmental hygiene businesses in the net carrying amount of approximately HK\$63.9 million; and (5) distributions paid to the holders of perpetual convertible securities of approximately HK\$15.9 million during the Year.

Liabilities Structure

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

- i. Trade payables and contract liabilities of approximately HK\$70.8 million (2021: approximately HK\$60.9 million (re-presented)) as at 31 December 2022 were mainly derived from the property management segment of approximately HK\$28.2 million (2021: approximately HK\$24.7 million (re-presented)) and the marketing, event planning and consulting services under the integrated development segment of approximately HK\$24.4 million (2021: approximately HK\$13.3 million).
- ii. Other payables of approximately HK\$60.2 million (2021: approximately HK\$96.7 million (re-presented)) as at 31 December 2022 mainly consisted of other payables of the property management businesses of approximately HK\$21.6 million (2021: approximately HK\$20.0 million (re-presented)) in aggregate, which mainly comprised receipts in advance from customers of the leasing services and deposits of the property management and leasing services, consideration payable regarding the acquisition of Tu Men Travel of approximately HK\$6.9 million (2021: approximately HK\$32.0 million), and land and construction costs payable of approximately HK\$4.8 million (2021: approximately HK\$10.7 million).
- iii. Lease liabilities of approximately HK\$54.8 million (2021: approximately HK\$71.5 million) as at 31 December 2022 mainly comprised lease liabilities of the right-of-use assets of non-residential properties located in Shijiazhuang City and Xingtai City, Hebei Province, the PRC leased by the Group from property owners to earn rentals of approximately HK\$53.1 million (2021: approximately HK\$67.3 million).

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

Foreign Exchange Exposure

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

Capital Commitment

As at 31 December 2022, the Group had capital commitment relating to the investment in an equity security of approximately HK\$16.9 million (2021: approximately HK\$18.3 million).

Material Acquisition, Investments and Disposal

Pursuant to the sale and purchase agreements (pre-sale) all dated 20 January 2022 (as supplemented on 20 January 2022) entered into between Qifuqianyue and Dongsheng PMS, Dongsheng PMS agreed to acquire, and Qifuqianyue agreed to sell, 47 commercial units with an estimated aggregate gross floor area of approximately 2,563 square meters located at 17th Floor and 18th Floor, building no. 1, Zijingyuehe Centre (South zone), 2 Fengya Road, Changan District, Shijiazhuang City, Hebei Province, the PRC* (中國河北省石家莊市長安區豐雅路2號紫晶悅和中心南區), for a total consideration of RMB22,876,305 (equivalent to approximately HK\$26,467,000). Further details of the acquisition are set out in the Company's announcements dated 20 January 2022 and 21 January 2022. During the Year, 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.

Pursuant to the share transfer agreement dated 22 August 2022 entered into between Sleek City Limited (a wholly-owned subsidiary of the Company) and Four Seas BVI, the Group disposed of its 65% interest in Four Seas to Four Seas BVI at a nominal value of HK\$1. The disposal was completed on 30 August 2022. Further details of the disposal are set out in the Company's announcement dated 22 August 2022.

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

Material Contingent Liabilities

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

Number and Remuneration of Employees

As at 31 December 2022, the total number of employees of the Group was 2,312 (2021: approximately 680). Staff costs (including Directors' emoluments) of approximately HK\$56.7 million (2021: approximately HK\$22.6 million) were incurred during the Year.

In addition to salary, other fringe benefits such as medical insurance and mandatory provident fund schemes for employees, are offered to all employees of the Group. 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.

Final Dividend

The Board does not recommend the payment of a final dividend for the Year (2021: nil).

Event after the Reporting Period

Notice of cancellation of thirteenth distribution payment 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 8 March 2023, the thirteenth distribution at the distribution rate of 6% per annum on the perpetual convertible securities scheduled to be made to the convertible securities holders on Monday, 24 April 2023 has been cancelled in accordance with the Condition 4(B) of the terms and conditions of the perpetual convertible securities.

CORPORATE GOVERNANCE

The Company had complied with all applicable code provisions as in force during the Year under the "Corporate Governance Code" (the "**CG Code**") contained in Appendix 14 of the Listing Rules throughout the Year except for deviation from code provisions C.1.6 and C.2.1 of the CG Code.

The code provision C.1.6 of the CG Code requires that the independent non-executive directors and other non-executive directors, as equal board members, should attend general meetings to gain and develop a balanced understanding of the views of shareholders. Mr. Dong Xiaojie was unable to attend the annual general meeting of the Company held on 30 June 2022 due to other important engagement.

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as its own code of conduct for dealings in securities of the Company by the Directors.

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

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

During the Year, the Company did not redeem any of its shares listed on the Stock Exchange nor did the Company or any of its subsidiaries purchase or sell any such shares.

AUDIT COMMITTEE

The Company has established an audit committee (the “**Audit Committee**”) with written terms of reference in compliance with the Listing Rules. The Audit Committee presently comprises two independent non-executive Directors, namely Mr. Swei Feng-jih (being the chairman of the Audit Committee) and Mr. He Qi, and a non-executive Director, namely, Ms. Chang Meiqi. The Audit Committee is primarily responsible for reviewing and providing supervision over the financial reporting procedure and internal control of the Group. The annual results of the Group for the Year have been reviewed by the Audit Committee. The Audit Committee considers that appropriate accounting policies have been adopted, and the applicable requirements of the Listing Rules have been complied with, in the preparation of relevant results, and sufficient disclosures have been made.

SCOPE OF WORK OF MAZARS CPA LIMITED

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

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

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

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

APPRECIATION

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

On behalf of the Board

Orient Victory Smart Urban Services Holding Limited

Shi Baodong

Chairman, Chief Executive Officer and Executive Director

Hong Kong, 30 March 2023

As at the date of this announcement, the Board comprises three executive Directors, being Mr. Shi Baodong, Mr. Zhao Huining and Mr. Mo Yueming, one non-executive Director, being Ms. Chang Meiqi, and three independent non-executive Directors, being Mr. Dong Xiaojie, Mr. He Qi and Mr. Swei Feng-jih.

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