東勝旅遊
ORIENT VICTORY TRAVEL

东胜集团
ORIENT VICTORY GROUP

ORIENT VICTORY TRAVEL GROUP COMPANY LIMITED
(Incorporated in the Cayman Islands with limited liability)
Stock Code: 265

Annual Report 2020

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

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

Non-executive Director

Ms. Song Sining

Independent Non-executive Directors

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

AUDIT COMMITTEE

Mr. Suei Feng-jih *(Chairman)*
Mr. He Qi
Ms. Song Sining

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

COMPANY SECRETARY

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

INDEPENDENT AUDITORS

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

PRINCIPAL BANKERS

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

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

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

STOCK CODE

265

COMPANY'S WEBSITE

http://www.orientvictory.com.hk

CHAIRMAN'S STATEMENT

Dear shareholders,

On behalf of the board (the "Board") of directors (the "Director(s)") of Orient Victory Travel Group Company Limited (the "Company", together with its subsidiaries the "Group"), I am pleased to present the annual report (the "Annual Report") of the Company for the year ended 31 December 2020 (the "Year").

INDUSTRY OVERVIEW, BUSINESS STRATEGY AND OUTLOOK

Tourism industry remains as an important drive to the PRC economy. According to the General Affairs of the 2019 Tourism Market* (二零一九年旅遊市場基本情況) issued by the China Tourism Academy* (中國旅遊研究院), gross domestic product of tourism industry in Mainland China was approximately 11.05% of total gross domestic product in Mainland China in 2019, and revenue from the overall tourism industry in Mainland China increased by approximately 11% in 2019 as compared to that of 2018. However, as a result of the outbreak of the Novel Coronavirus (COVID-19) pandemic (the "Pandemic"), the governments of various countries had implemented anti-pandemic measures for public health during the Year such as travel restrictions and temporary suspension of tourism activities and cultural spots, which had inevitably affected the tourism industry and the Group's tourism-related businesses. In particular, revenue from diversified tourism products and services businesses had dropped from approximately HK$395.8 million during year ended 31 December 2019 to approximately HK$91.8 million during the Year, and revenue from tourism attractions under the integrated development businesses had dropped from approximately HK$49.4 million during the year ended 31 December 2019 to approximately HK$29.8 million during the Year.

During the Year, the Group had carried out, including but not limited to, the following measures to encounter the impact of the Pandemic to the Group's existing businesses:

(i) implementing cost containment plans. The assets-light business model on diversified tourism products and services businesses enabled the Group to avoid excessive fixed costs during the Year. The Group had implemented cost control measures on other costs during the Year. In particular, wages, salaries and other benefits and pension scheme contributions incurred during the Year reduced by 25% as compared to the corresponding period of last year;

(ii) continuously monitoring and strengthening the collection of receivables. Gross trade receivables as at 31 December 2020 reduced by 51% as compared to 31 December 2019. Besides, certain overdue balances had been recovered during the Year, resulting reversal of other receivables written-off in prior years of approximately HK$3.3 million;

(iii) facilitating businesses other than tourism-related businesses that are less affected by the Pandemic. The integrated development businesses had served as the Group's alternative business drive during the Year. Marketing, event planning and consulting services contributed revenue of approximately HK$40.8 million (2019: approximately HK$30.8 million) to the Group, while the properties development business in New Zealand had contributed revenue from sales of properties of approximately HK$45.9 million (2019: nil) to the Group during the Year;

(iv) disposed of the Group's 49% equity interest in China Comfort Tourism Group Company Limited* (中國康輝旅遊集團有限責任公司) ("China Comfort"), a then associate of the Group, which was principally engaged in the tourism business and was loss-making during the five years ended 31 December 2020. The disposal was completed in October 2020. Through the disposal, the Group's financial status and results were improved by having received cash of approximately RMB350.4 million (equivalent to approximately HK$393.6 million) and avoiding further losses and potential impairment derived from China Comfort thereafter; and

(v) promptly resumed the tourist attraction and cultural spot business of Hebei Tu Men Travel Development Limited* (河北土門旅遊開發有限公司) ("Tu Men Travel"), a subsidiary principally engaged in the operation and management of tourist attractions and cultural spots and owned a tourist attraction and cultural spot in Shijiazhuang, the PRC, in late March 2020 in a safe and adequate manner and at the consent of the local government. Adequate hygiene measures were carried out by the Group, including but not limited to: (1) monitoring the number, flow and social distancing of visitors; (2) implementing body temperature screenings for staff and visitors before entering the cultural spot; (3) requesting staff and visitors to wear proper surgical masks and providing staff with proper surgical masks; (4) providing regular staff training on environmental disinfection procedures and food safety; and (5) conducting regular disinfection procedures on the entire cultural spot.

The Pandemic had brought huge impact to the Group's diversified tourism products and services businesses and the Group's tourism attractions under the integrated development businesses during the Year. It is expected that the Pandemic will continue to impact the global tourism industry, and thus outbound travel and tourism businesses, being the Group's main business focus of the diversified tourism products and services segment, as well as the Group's tourism attractions business under the integrated development segment, will continue to be affected in 2021.

CHAIRMAN'S STATEMENT

Despite the Pandemic, the tourism-related businesses are expected to be vigorous in a long run having considered the expected steady improvement of the PRC economy and the continuous improvement of people's living standard. The Group will closely monitor the development of the Pandemic and the global tourism industry in order to enable the tourism-related businesses to be back on track in a safe and effective manner. Meanwhile, the Group will also continue to explore potential opportunities in the tourism-related industry, including but not limited to further acquisition and development of diversified tourism products and services businesses, tourism facilities spots and related properties and accommodations. The potential investments, if materialised, shall enable the Group to expand its tourism-related business vertically and horizontally as well as generate synergy effects on the existing businesses of the Group. The Group will continue to take prudent and cautious steps for its business development in order to improve the benefit of the Group and shareholders in this challenging business environment.

In the light that the full recovery for global tourism industry is still highly uncertain under the Pandemic, in addition to the above-mentioned strategy and measures on the Group's existing businesses, the Board considers that the Group must take additional appropriate steps to cope with the market change resulting from the Pandemic. With an aim to broadening the Group's income sources which in turn improve the financial performance of the Group and achieve better return for the shareholders during the current unfavourable environment, the Group has been exploring new income stream in the PRC since late July 2020. Leveraging on the business network of the Directors, the Group is able to explore the feasibility of other business fields with stable domestic demand feature such as the provision of products and services relating to property management, healthcare and education businesses.

For property management business, in view that certain Directors possess extensive experience in property development and management in the PRC, and that a team of experienced staff will be formed and led by relevant Directors upon commencement of such business, the Group has been seeking acquisition opportunities since late July 2020. On 8 February 2021, Huasheng New Life Services (Shenzhen) Company Limited* (華勝新生活服務(深圳)有限公司, "Huasheng New Life", an indirect wholly-owned subsidiary of the Company) (as purchaser) entered into an equity transfer agreement with Heng Sheng Xin Ye (Beijing) Asset Management Company Limited* (恒晟鑫業(北京)資產管理有限公司, "Hengsheng Xinye", an independent third party of the Company) (as vendor) in relation to the acquisition of the entire equity interest in a property management and rental services provider, which is principally engaged in the provision of property management services and property rental services for residential and commercial properties in Hebei Province, the PRC. It possesses certifications of the ISO9001 (Quality Management Systems), ISO14001 (Environmental Management Systems) and OHSAS18001 (Occupational Health and Safety Assessment Series) and won various awards in past years, including the "2020 Top 500 Property Services Companies: Comprehensive Strength*" (二零二零年度物業服務企業綜合實力500強) and the "Top Ten Property Management Projects in Hebei Province in 2019*" (二零一九年度河北省物業管理十佳項目). As at 31 December 2020, it had a total contracted gross floor area of approximately 8.1 million square meters, of which a total gross floor area of approximately 7.1 million square meters was under its 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. Further details of the acquisition are set out in the Company's announcement dated 8 February 2021. The equity transfer is expected to be completed in the second quarter of 2021.

In respect of the education-related business, the Group recruited a team specialising in education business in 2019 and, on a trial basis, completed certain number of relatively small-scale educational consulting services such as educational camps, educational training, schools cooperation, etc., and revenue of approximately HK$0.5 million and approximately HK$5.1 million were recognised during the Year and for the year ended 31 December 2019 respectively.

Looking forward, the Group will strengthen its business focusing on education-related business in order to broaden the revenue stream of the Group so as to cope with the change in global business environment, and will prudently explore potentially profitable investments and acquisitions in relation to property management business, healthcare business and education-related business, with an aim to improving the benefit of the Group and its shareholders as a whole.

APPRECIATION

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

Shi Baodong
Chairman

Hong Kong, 31 March 2021

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

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Diversified Tourism Products and Services Businesses

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

Revenue from diversified tourism products and services businesses reduced from approximately HK$395.8 million during the year ended 31 December 2019 to approximately HK$91.8 million during the Year. As a result of the Pandemic and the anti-pandemic measures imposed by the governments of various countries, global travel and tourism activities were basically suspended during the Year. Majority of the Group's revenue from diversified tourism products and services businesses was derived in January 2020.

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 meter in 2017. The first phase of the project was completed in 2019 and all the residential units were sold during the Year, contributing revenue of approximately HK$45.9 million to the Group during the Year. In respect of the remaining portion of the piece of land, with an aim to facilitating the timing of cash inflows, in December 2020, the Group (as vendor) entered into two agreements for sale and purchase of real estate (the "Sale and Purchase Agreements") with an independent third party of the Company (as purchaser) to dispose of the remaining portion of the piece of land for a total consideration of approximately New Zealand Dollar ("NZD") 10.3 million (equivalent to approximately HK$52.1 million). The disposal is expected to be completed in the second quarter of 2021 and total gain on disposal to be recognised in 2021 is expected to be not less than NZD1.5 million (equivalent to approximately HK$8.4 million).

On the other hand, Tu Men Travel, which is principally engaged in the operation and management of tourist attractions and cultural spots and owns a tourist attraction and cultural spot in Shijiazhuang, the PRC, contributed revenue of approximately HK$29.8 million (2019: approximately HK$49.4 million) to the Group during the Year. As a result of the Pandemic, the tourist attraction and cultural spot were temporarily suspended in late January 2020 and reopened in late March 2020 with restriction on number of visitors, resulting a decrease in revenue during the Year as compared to the corresponding period of last year.

The Group also engaged in the developments of tourism-related accommodation facilities in the PRC. During the Year, certain pieces of land in Zhangjiakou, the PRC, and Shijiazhuang, the PRC, are under planning and/or preliminary development stage.

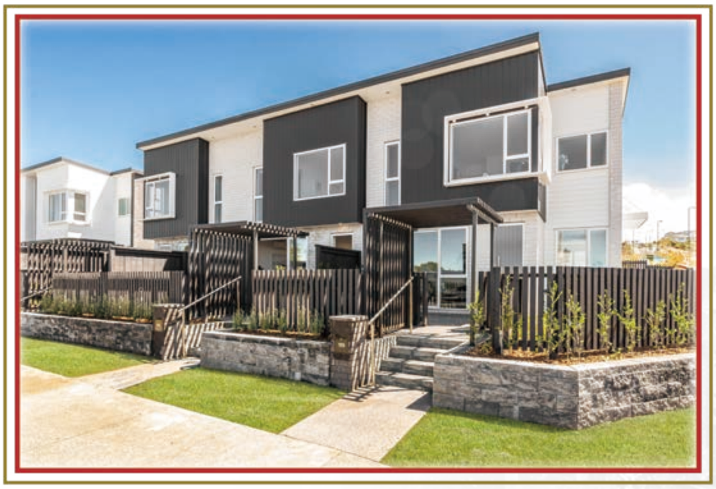
In addition, in 2019, the Group recruited a team of talents who were equipped with extensive experience in corporate image building, brand management, marketing, event planning and public relations and communication, and entered into the business of providing marketing, event planning and consultancy services. Revenue of approximately HK$40.8 million (2019: approximately HK$30.8 million) was recognised during the Year.

Investment Holding Business

As at 31 December 2019, investment holding business included the Group's 49% equity interest in China Comfort, a then associate of the Group, which was engaging in the provision of travel agent services in the PRC, including domestic travel, outbound travel and inbound travel, and provision of brand name for the franchisees. In the view that China Comfort recorded consolidated net losses for the four years ended 31 December 2016, 2017, 2018 and 2019 and that, during the year ended 31 December 2016, China Comfort had recorded a significant impairment on intangible assets, it was resolved by the Board to proceed with the disposal (the "Disposal") of the Group's 49% equity interest in China Comfort with a view to improving the Group's financial status and reducing the risk of having further losses and impairment derived from China Comfort. In addition, the Company is of the view that through the Disposal, the Company will be able to optimise and adjust its asset structure to increase the liquidity of assets, improve the efficiency of the use of the Company's assets and gain certain benefits therefrom.

Pursuant to an equity transfer agreement dated 26 March 2020 entered into between Shenzhen Dongsheng Huamei Cultural Travel Company Limited* (深圳東勝華美文化旅遊有限公司) ("Dongsheng Huamei"), an indirect wholly-owned subsidiary of the Company, and Orient Victory Cultural Tourism Group Co., Limited* (東勝文化旅遊集團有限公司) ("OVCT"), a company incorporated in the PRC and is owned as to 98% by Mr. Shi, Dongsheng Huamei agreed to dispose of 49% equity interest in China Comfort to OVCT for a cash consideration of RMB320.0 million (equivalent to approximately HK$359.4 million). In addition, OVCT shall settle the outstanding shareholder's loans owing by China Comfort to Dongsheng Huamei in the aggregate sum of RMB32.3 million (equivalent to approximately HK$36.3 million) as at 26 March 2020 on behalf of China Comfort after completion of the Disposal. Completion of the Disposal took place in October 2020 and net gain on the Disposal in the sum of approximately RMB10.1 million (equivalent to approximately HK$11.4 million) was recognised during the Year, comprising (1) share of loss of the associate during the Year of approximately RMB12.7 million (equivalent to approximately HK$14.3 million); and (2) gain on the Disposal of approximately RMB22.8 million (equivalent to approximately HK$25.7 million), calculated based on the consolidated net assets attributable to the 49% equity interest in China Comfort on the date of completion of the Disposal and the consideration for the Disposal, net of expenses directly attributable to the Disposal.

Details of the Disposal are set out in the Company's announcements dated 26 March 2020, 31 July 2020, 30 September 2020 and 15 October 2020, and the Company's circular dated 24 June 2020.



Financial Analysis

Operating Performance

a. *Continuing operations*

Analysis by nature of revenue:

	2020		2019	
	HK$'000	*%*	*HK$'000*	*%*
Diversified tourism products and services businesses:				
Sales of air tickets	**37,817**	**18.2**	311,157	65.4
Sales of diversified tourism products, provision of travel and other related services and commission income	**53,966**	**25.9**	84,671	17.8
Sub-total	**91,783**	**44.1**	395,828	83.2
Integrated development businesses:				
Sales of products and service income from tourism attractions	**29,806**	**14.3**	49,388	10.4
Marketing, event planning and consulting services	**40,840**	**19.6**	30,783	6.4
Sales of properties	**45,857**	**22.0**	–	–
Sub-total	**116,503**	**55.9**	80,171	16.8
Total	**208,286**	**100.0**	475,999	100.0

The Group recorded revenue of approximately HK$208.3 million (2019: approximately HK$476.0 million) for the Year, representing a decrease of approximately 56% as compared to the corresponding period of last year. As a result of the Pandemic, global travel and tourism activities were temporarily suspended since late January 2020. Despite the growth of the Group's diversified tourism products and services businesses in the PRC in January 2020 as compared to that of January 2019, the Group's revenue from diversified tourism products and services businesses dropped by 77% to approximately HK$91.8 million (2019: approximately HK$395.8 million) during the Year as compared with the corresponding period of last year.

The Group's integrated development businesses served as a revenue drive during the Year. Despite the drop of sales of products and service income from tourism attractions as a result of the Pandemic, the growth of the sales of properties in New Zealand and marketing, event planning and consulting services led to an increase in the Group's revenue from integrated development businesses during the Year. Further details of these business performance are set out in section headed "Integrated Development Businesses" under "Business Review" in "Management Discussion and Analysis".

Gross profit

The Group recorded gross profit of approximately HK$30.8 million (2019: approximately HK$49.1 million) for the Year, representing a decrease of approximately 37% as compared to the corresponding period of last year, which was primarily attributable to the decrease in revenue during the Year as compared to the corresponding period of last year.

The slight increase in gross profit percentage from 10.3% during the year ended 31 December 2019 to 14.8% during the Year was mainly attributable to the increase in proportion of revenue from integrated development businesses to total revenue during the Year, which had a higher gross profit percentage than that of the revenue from diversified tourism products and services businesses.

Loss for the Year

Loss for the Year from continuing operations amounted to approximately HK$56.4 million (2019: approximately HK$13.2 million). The increase was primarily attributable to the net effect of (1) the decrease in gross profit by approximately HK$18.3 million as compared to the corresponding period of last year; (2) the impairment of goodwill attributable to the businesses of Jinlv Shidai and Tu Men Travel of approximately HK$15.4 million in aggregate owing to the Pandemic; (3) the decrease in valuation gains on investment properties of approximately HK$26.5 million; and (4) the decrease in wages, salaries and other benefits and pension scheme contributions by approximately HK$10.5 million.

b. Discontinued operations

During the Year, the Group had disposed of the 49% equity interest in China Comfort, a then associate of the Group, which was engaging in the provision of travel agent services in the PRC, including domestic travel, outbound travel and inbound travel, and provision of brand name for the franchisees. Details of the Disposal are set out in the section headed "Investment Holding Business" under "Business Review" in "Management Discussion and Analysis".

During the year ended 31 December 2019, the Group had disposed of its entire interests in licensed corporations which carry the Type 4 (Advising on Securities), Type 6 (Advising on Corporate Finance) and Type 9 (Asset Management) regulated activities under the Securities Future Ordinances (Chapter 571 of the Laws of Hong Kong). No revenue was generated from the financial services business during the year ended 31 December 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

Assets Structure

As at 31 December 2020 and 2019, the Group's assets mainly included other property, plant and equipment, investment properties, intangible assets, goodwill, interest in an associate, inventories, trade receivables, prepayments, deposits and other receivables, restricted bank deposits and cash and cash equivalents, and assets held for sale, details of which are set out below:

i. Other property, plant and equipment of approximately HK$131.4 million (2019: approximately HK$132.2 million) as at 31 December 2020 mainly represented properties and other equipment of the tourist attraction and cultural spot owned by Tu Men Travel with a net carrying amount of approximately HK$128.9 million (2019: approximately HK$125.2 million). The decrease was mainly attributable to the net effect of the depreciation charged and the appreciation of RMB against HK$ during the Year.

ii. Investment properties of approximately HK$139.4 million (2019: approximately HK$159.4 million) as at 31 December 2020 represented fair values of land under development located in the PRC (2019: the PRC and New Zealand). Upon the entering into of the Sale and Purchase Agreements in December 2020 as detailed in the section headed "Integrated Development Businesses" under "Business Review" in "Management Discussion and Analysis", the carrying amount of land under development located in New Zealand of approximately HK$32.4 million was transferred to "assets held for sale" in the Group's consolidated statement of financial position.

iii. Intangible assets of approximately HK$4.1 million (2019: approximately HK$7.8 million) as at 31 December 2020 consisted of travel licences, software and other intangible assets. The decrease was mainly attributable to the amortisation charged during the Year.

iv. Goodwill of approximately HK$15.3 million as at 31 December 2019 was derived from the acquisition of Tu Men Travel (which engaged in the tourism attractions business) and Jinlv Shidai (which engaged in the diversified tourism products and services businesses in the PRC) in prior years. Based on the results of the respective value-in-use calculations and having considered the impact of the Pandemic to respective businesses, full impairment on respective goodwill was recognised during the Year.

v. Interest in an associate of approximately HK$343.5 million as at 31 December 2019 was mainly attributable to the intangible assets, including trademark and distribution network, owned by China Comfort. Upon completion of the Disposal in October 2020, China Comfort ceased to be an associate of the Group. Further details of which are set out in the section headed "Investment Holding Business" under "Business Review" in "Management Discussion and Analysis".

vi. Inventories of approximately HK$214.6 million (2019: approximately HK$193.4 million) as at 31 December 2020 mainly represented certain pieces of land under development in the PRC (2019: New Zealand and the PRC). Upon the entering into of the Sale and Purchase Agreements in December 2020 as detailed in the section headed "Integrated Development Businesses" under "Business Review" in "Management Discussion and Analysis", the carrying amount of land under development located in New Zealand of approximately HK$14.5 million was transferred to "assets held for sale" in the Group's consolidated statement of financial position. The increase in inventories was mainly attributable to the combined effect of (1) the sale of properties and the above-mentioned transfer of land under development located in New Zealand during the Year; and (2) the transfer of prepayment on a piece of land in the PRC to inventories as mentioned in note (viii) below.

vii. Trade receivables of approximately HK$19.7 million (2019: approximately HK$53.9 million) as at 31 December 2020 were mainly derived from the marketing, event planning and consulting services under the integrated development segment. The decrease in trade receivables was mainly attributable to the combined effect of the collection of trade receivables and the decrease in revenue from diversified tourism products and services segment during the Year.

viii. Prepayments, deposits and other receivables of approximately HK$109.7 million (2019: approximately HK$162.2 million) as at 31 December 2020 mainly represented refundable prepayments for investments of approximately HK$81.5 million in aggregate for the acquisitions of certain property development projects in the PRC. The decrease in prepayments, deposits and other receivables was mainly due to the transfer of the prepayment on a piece of land in the PRC of approximately HK$61.7 million to inventories during the Year upon obtaining the certificate of land use right effective from 7 February 2020.

ix. Restricted bank deposits and cash and cash equivalents were approximately HK$181.5 million (2019: approximately HK$120.9 million) as at 31 December 2020. The increase was mainly attributable to the net effect of (1) settlements of amounts due to related parties under other payables and accruals, short-term borrowings and long-term borrowings of approximately HK$263.3 million in aggregate during the Year; and (2) receipts of the consideration for the Disposal and a loan to China Comfort of approximately HK$393.6 million in aggregate during the Year.

x. Assets held for sale represented the land under development located in New Zealand as detailed in notes (ii) and (vi) above.

Liabilities Structure

As at 31 December 2020 and 2019, the Group's liabilities mainly included trade payables and contract liabilities, other payables and accruals and borrowings, details of which are set out below:

i. Trade payables and contract liabilities were approximately HK$36.4 million (2019: approximately HK$55.6 million) as at 31 December 2020. The decrease was mainly attributable to the combined effect of the settlement of trade payables and the decrease in cost of sales and services from diversified tourism products and services segment during the Year.

ii. Other payables and accruals of approximately HK$92.6 million (2019: approximately HK$278.2 million) as at 31 December 2020 mainly consisted of consideration payable regarding the acquisition of Tu Men Travel of approximately HK$37.7 million (2019: approximately HK$40.9 million), and land and construction costs payable of approximately HK$21.9 million (2019: approximately HK$39.5 million). The decrease was mainly attributable to the settlement of amounts due to related parties of approximately HK$126.2 million during the Year.

iii. Short-term borrowings and long-term borrowings of approximately HK$17.9 million and HK$109.4 million respectively as at 31 December 2019 were fully settled during the Year. Details of which are set out in section headed "Liquidity and Financial Resources" in "Management Discussion and Analysis".

MANAGEMENT DISCUSSION AND ANALYSIS

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 had been continued to be mainly supported by internal resources and borrowings. Besides, the receipts of the consideration for the Disposal and the loan to China Comfort of approximately HK$393.6 million in aggregate during the Year provided extra funding to the Group. The Group settled amounts due to related parties under other payables and accruals, short-term borrowings and long-term borrowings of approximately HK$263.3 million in aggregate during the Year upon receipts of the funding, and the financial status is improved.

Short-term borrowings of the Group of approximately HK$17.9 million as at 31 December 2019 were denominated in NZD and represented borrowings from a bank in New Zealand, which were secured as detailed in the section headed "Pledge of Assets" of this announcement, bearing average effective interest rate of 4.0% per annum during the Year, and repayable within a year. The short-term borrowings were fully settled during the Year.

Long-term borrowings of the Group of approximately HK$109.4 million as at 31 December 2019 were denominated in RMB and represented borrowings from non-controlling shareholders of a subsidiary of the Group, which were unsecured, interest-free and repayable after one year. The long-term borrowings were fully settled during the Year.

As at 31 December 2020, the Group had a current ratio of approximately 4.4 (2019: approximately 1.5). As at 31 December 2019, the Group's gearing ratio was approximately 1.4% (calculated by dividing net debt (defined as short-term borrowings and long-term borrowings, net of cash and cash equivalents) by total equity). All short-term borrowings and long-term borrowings were settled during the Year and gearing ratio was not applicable to the Group as at 31 December 2020.

Foreign Exchange Exposure

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

Capital Commitments

As at 31 December 2020, the Group had capital commitments relating to the investments in equity securities and developments of investment properties of approximately HK$419.6 million in aggregate (2019: approximately HK$536.4 million).

Material Acquisition, Investments and Disposal

Apart from the Disposal of the 49% equity interest in China Comfort as detailed in the section headed "Investment Holding Business" under "Business Review" in "Management Discussion and Analysis", the Group had no significant investments, material acquisition and disposal of subsidiaries and associated companies during the Year.

USE OF NET PROCEEDS

Issue of 2016 October PCS and Shares under the open offer

The net proceeds from the issue of offered shares with an alternative of unlisted perpetual convertible securities and under an open offer in October 2016 amounted to approximately HK$291.62 million (after deducting the related cost and expenses). As at 31 December 2020, the Group had utilised all the net proceeds. For the purpose of allowing the Company to better utilise its financial resources in a more efficient manner and strengthen its future development, approximately HK$209.21 million was reallocated for the acquisition of asset(s) with potential appreciation so as to enhance the asset value of the Group. For details, please refer to the announcement of the Company dated 9 March 2020 in relation to change in use of proceeds from open offer (the "Reallocated Proceeds"). Other than the Reallocated Proceeds, the net proceeds were utilised as intended.

As at 31 December 2020, the Group had utilised all the net proceeds, details of which are set out below:

Net proceeds raised HK$'000	Intended use of the net proceeds	Actual use of the net proceeds	HK$'000
291,623	i. Make initial capital injection to a fund to be established by a joint venture company and subscription price of 40% equity interest;	Payment of the subscription price for 40% shares in a joint venture company;	7,800
	ii. General working capital;	i. First, second and fifth distribution to the holders of 2016 October PCS;	23,817
		ii. Used as intended;	8,599
	iii. Setup a wholly-owned licensed corporation;	Has not been used;	n/a
	iv. 6% distribution reserve of 2016 March PCS; and	6% distribution reserve of 2016 March PCS;	10,200
	v. If possible, acquire assets with potential appreciation.	i. Partial payment of the consideration for the acquisition of 40% equity interest and shareholder loan 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");	20,524
		ii. Payment of the shareholder loan for the investment in tourism-related projects by Dakun Zhifang;	80,954
		iii. Partial payment of the consideration for the acquisition of 55% equity interest in Tu Men Travel and 75% equity interest in Hebei Yidao Town Real Estate Development Limited* (河北驛道小鎮房地產開發有限公司);	11,410
		iv. Payment for the acquisition of a piece of land and relevant construction costs; and	69,064
		v. Payment for the acquisition of a piece of land by Dakun Zhifang.	59,255
			291,623

Pledge of Assets

As at 31 December 2020 and 31 December 2019, 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) (formerly known as Shenzhen Dong Sheng Hua Yu Commercial Management Company Limited* (深圳東勝華譽商業管理有限公司)), 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. In addition, the Group's bank borrowings as at 31 December 2019 were secured by the Group's lands and properties located in New Zealand, and guaranteed by Mr. Shi (a controlling shareholder of the Company) and the Group's subsidiary in New Zealand.

Material Contingent Liabilities

As at 31 December 2020 and 31 December 2019, the Group had no material contingent liabilities.

Number and Remuneration of Employees

As at 31 December 2020, the total number of employees of the Group was approximately 190 (2019: approximately 270). Staff costs (including Directors' emoluments) of approximately HK$31.4 million (2019: approximately HK$41.9 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 (2019: nil).

Events after the Reporting Period

(a) Acquisition of the entire equity interest in Dongsheng Property Management Services

Pursuant to an equity transfer agreement dated 8 February 2021 entered into between Huasheng New Life (as purchaser) and Hengsheng Xinye (as vendor), Hengsheng Xinye conditionally agreed to dispose of, and Huasheng New Life conditionally agreed to acquire, the entire equity interest in Shijiazhuang Dongsheng Property Management Services Company Limited* (石家莊市東勝物業服務有限公司, "Dongsheng Property Management Services") for the consideration of RMB7,500,000 (equivalent to approximately HK$8,936,000). Upon completion of the equity transfer (which is expected to be taken place in the second quarter of 2021), Dongsheng Property Management Services and its subsidiaries will become indirect wholly-owned subsidiaries of the Company. Further details of the acquisition are set out in "Chairman's Statement" and the Company's announcement dated 8 February 2021.

(b) Notice of cancellation of ninth 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 2021, the ninth distribution at the distribution rate of 6% per annum on the perpetual convertible securities scheduled to be made to the convertible securities holders on Saturday, 24 April 2021 has been cancelled in accordance with the Condition 4(B) of the terms and conditions of the perpetual convertible securities.

(c) Impact of the coronavirus outbreak

The Pandemic has brought additional uncertainty to the Group's operating environment and has impacted the Group's operations and financial position. The Group has been closely monitoring the impact of the Pandemic to the Group's businesses and has put in place contingency measures, including but not limited to, negotiating with suppliers, service providers and customers to postpone selling tourism-related products and services, implementing cost containment plans, continuously monitoring and strengthening the collection of receivables, facilitating businesses other than tourism-related businesses that are less affected by the Pandemic, monitoring the Group's cash flows, promptly resuming the tourist attraction and cultural spot business in a safe and adequate manner, and exploring new income stream since late July 2020. Further details of the impact of the Pandemic to the Group's operation during the Year and the contingency measures are set out in "Chairman's Statement" and sections head "Business Review" and "Financial Analysis" under "Management Discussion and Analysis".

It is expected that the Group's diversified tourism products and services businesses and tourist attraction and cultural spot business will continue to be affected by the Pandemic in 2021. Given the full recovery time for global tourism industry is highly uncertain, the Group will continue to take measures, including but not limited to, controlling its operating costs, monitoring its cash flows, paying close attention to the development of the Pandemic to its operations and continuously assessing its impact to the Group's financial statements, prudently facilitating and seeking other business opportunities and adequately adjusting its business plans, to protect the Group's benefits and interests in this challenging business environment and be well prepared for the business opportunities.

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

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Mr. Shi Baodong ("Mr. Shi")

Chairman, Executive Director and Chief Executive Officer
Mr. Shi, aged 52, was appointed as the chairman of the Company and an executive Director in September 2014, and the chief executive officer of the Company on 11 May 2018. Mr. Shi is the chairman of the nomination committee of the Company (the "Nomination Committee") and a member of the remuneration committee of the Company (the "Remuneration Committee"). Mr. Shi graduated from the Hebei University of Architecture in 1989. He has over 21 years of experience in property development and is a qualified engineer in the PRC.

Mr. Shi is the director of Orient Victory Group HK Holdings Limited* (東勝集團香港控股有限公司) and the founder, shareholder and chairman of OVCT, which is principally engaged in property development, including the development of residential properties, commercial properties, properties and ancillary facilities for the elderly, as well as an ecological park and a culture park in the PRC. From October 2015 to August 2017, Mr. Shi was appointed as the president of China Comfort, and from October 2015, Mr. Shi was appointed as the vice chairman of China Comfort.

Mr. Shi is the vice chairman of the China Real Estate Industry Association and the standing vice president of Hebei Chamber of Commerce in Hong Kong and the director of its Ecological Industry Committee. At the same time, he is the vice president of Chinese Rowing Association.

Mr. Mo Yueming ("Mr. Mo")

Executive Director
Mr. Mo, aged 56, was appointed as an executive Director on 2 May 2018. Mr. Mo holds a degree of Executive Master of Business Administration from the HEC school of Management in Paris, France, a Master's degree in Business in Economics (商業經濟學) from the Chinese Academy of Social Sciences (中國社會科學院) and a Bachelor's degree in Accounting from Beijing Institute of Business* (北京商學院).

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

Mr. Mo currently serves as a co-vice chairman of Orient Victory Group* (東勝集團) that was controlled by Mr. Shi and has been a director of China Comfort since April 2018.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Zhao Huining ("Mr. Zhao")

Executive Director

Mr. Zhao, aged 53, was appointed as an executive Director on 16 June 2017. Mr. Zhao was the chief executive officer of the Company and a member of the Remuneration Committee and the Nomination Committee, and resigned on 11 May 2018 and 24 August 2018 respectively. Mr. Zhao graduated from the Transportation Management and Engineering Department (運輸管理工程系) of Northern Jiaotong University (北方交通大學), majoring in traffic and transportation (交通運輸專業) in 1990. In 2004, Mr. Zhao obtained a master degree of Arts from Flinders University of South Australia in International Relations in Economy and Trade which were jointly offered by Nankai University (南開大學) and Flinders University of South Australia, and graduated from Yanshan University (燕山大學) with a doctor's degree in management science and engineering (管理科學與工程) in 2014. Mr. Zhao was conferred the title of senior economist qualification in PRC in 2002.

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

Ms. Song Sining ("Ms. Song")

Non-executive Director

Ms. Song, aged 43, was appointed as a non-executive Director on 16 June 2017. Ms. Song is a member of the audit committee of the Company (the "Audit Committee"). Ms. Song graduated from the Philosophy Department (哲學系) of Hebei University in Public Relation (公關專業) in 1997. She graduated from the Correspondence College of the Central School of Communist Party of China (中央黨校函授學院) in 2000, majoring in economic management (經濟管理專業). She completed a practical training course in real estate (實戰型房地產研修班) provided by Peking University in 2015. Ms. Song served as a senior management in other real estate companies for more than 15 years. She is currently a vice president of Orient Victory Property Development Group Co., Limited (東勝房地產開發集團有限公司), a company indirectly wholly-owned by Mr. Shi.

Mr. Dong Xiaojie ("Mr. Dong")

Independent non-executive Director

Mr. Dong, aged 58, was appointed as an independent non-executive Director in September 2014, Mr. Dong is the chairman of the Remuneration Committee. Mr. Dong graduated from the Hebei Normal University, majoring in mathematics in 1984. He has been a principal partner of Shengyuan Investment Risk Consulting Management Co., Limited since 2011 and was appointed as a director of Robyn Hode Capital Limited in April 2015.

Mr. He Qi ("Mr. He")

Independent non-executive Director
Mr. He, aged 65, was appointed as an independent non-executive Director in September 2014. Mr. He is a member of the Audit Committee and the Nomination Committee. Mr. He has been an independent non-executive director of China Merchants Land Limited, a company listed on The Stock Exchange of Hong Kong Limited ("Stock Exchange") (stock code: 978), since 2013. He has also been an independent non-executive director of China Evergrande Group, a company listed on the Stock Exchange (stock code: 3333), since 2009. Mr. He was the deputy secretary of China Real Estate Association for the period from 2006 to 2016. Mr. He is currently a secretary of Real Estate in Distribution and Rental Committee of China Real Estate Association.

Mr. Suei Feng-jih ("Mr. Suei")

Independent non-executive Director
Mr. Suei, aged 52, was appointed as an independent non-executive Director on 25 June 2018. Mr. Suei is the chairman of the Audit Committee and a member of the Nomination Committee and the Remuneration Committee. Mr. Suei graduated from National Cheng-Chi University (政治大學), Taiwan with a Bachelor degree of Science in Banking in June 1993. In June 2005, he was awarded the Executive Master of Business Administration in Finance from National Central University (中央大學), Taiwan and was further awarded the Master of Business Administration from University of Glasgow, the United Kingdom in September 2006.

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

SENIOR MANAGEMENT

Mr. Liu Kin Wai ("Mr. Liu")

Chief Financial Officer
Mr. Liu, age 39, was appointed as the chief financial officer of the Company in December 2019 and the company secretary of the Company in January 2021. He obtained his bachelor's degree in Accounting from City University of Hong Kong in November 2003 and completed China Environmental Industry Senior Manager Training Programme (中國環境產業高級經理人研修班) organised by Tsinghua University (清華大學) in December 2016. Mr. Liu has been a member of the Hong Kong Institute of Certified Public Accountants and a certified public accountant since 2008 and has more than 15 years of experience in assurance services and financial, capital management and company secretarial works. From 2004 to 2015, he had worked in an international assurance firm with last position as a senior manager. From May 2015 to September 2016, he had served as a senior manager of Beijing Enterprises Water Group Limited (stock code: 371), a company listed on the Stock Exchange and from September 2016 to September 2019, he had served as the chief financial officer and company secretary of Beijing Enterprises Clean Energy Group Limited (stock code: 1250), a company listed on the Stock Exchange. In addition, Mr. Liu has been appointed as an independent non-executive director of Bright Future Technology Holdings Limited (stock code: 1351), a company listed on the Stock Exchange, with effect from 11 November 2020.

REPORT OF THE DIRECTORS

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

PRINCIPAL ACTIVITIES

During the Year, the Company was an investment holding company and its subsidiaries were principally engaged in the diversified tourism products and services businesses, integrated development businesses and investment holding business.

FAIR REVIEW OF BUSINESS

The business review of the Group for the Year as required under Schedule 5 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), including a review of the business and a description of the principal risks and uncertainties facing the Group, particulars of important events affecting the Group that have been occurred since the end of financial year 2020 and an indication of likely future development in the Group's business are set out in the Chairman's Statement and the Management Discussion and Analysis from pages 4 to 7 and pages 8 to 18 of this Annual Report respectively. These discussions form part of this report of the Directors.

COMPLIANCE WITH LAWS AND REGULATIONS

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

FINANCIAL RESULTS

The results of the Group for the Year are set out in the consolidated statement of profit or loss on page 47 of this Annual Report.

DIVIDEND POLICY

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

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

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

The Board does not recommend the payment of a final dividend for the Year (2019: nil).

FIVE YEARS FINANCIAL SUMMARY

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the audited consolidated financial statements and restated/reclassified as appropriate, is set out on page 118 of this Annual Report.

INVESTMENT PROPERTIES AND OTHER PROPERTY, PLANT AND EQUIPMENT

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

SHARE CAPITAL

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

PERPETUAL CONVERTIBLE SECURITIES

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

EQUITY-LINKED AGREEMENTS

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

PRE-EMPTIVE RIGHTS

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

RESERVES

Details of movements in the reserves of the Company and the Group during the Year are set out in note 30 to the consolidated financial statements and on page 52 in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES OF THE COMPANY

The aggregate amount of reserves available for distribution to equity shareholders of the Company as at 31 December 2020 amounted to approximately HK$246,907,000 (2019: approximately HK$239,335,000), calculated in accordance with the provisions of the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

MAJOR CUSTOMERS AND SUPPLIERS

During the Year, the purchase from the Group's five largest suppliers accounted for approximately 35% of the total purchases and purchase from the largest supplier included therein accounted for approximately 14% of the total purchases. The revenue of the Group's five largest customers accounted for approximately 32% of the total revenue and the revenue of the largest customer included therein accounted for approximately 17% of the total revenue. Revenue from the largest customer represents the aggregate revenue derived from companies controlled by the ultimate controlling Shareholder.

Save as the aforementioned, none of our Directors or any of their respective close associates or, any Shareholder (so far as our Directors were aware, who owned 5% or more of our issued share capital as at 31 December 2020), had any interest in any of our five largest suppliers or our five largest customers in 2019 and 2020.

DIRECTORS

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

Executive Directors:

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

Non-executive Director:

Ms. Song Sining

Independent Non-executive Directors:

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

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

Biographical details of the Directors are set out on pages 19 to 21 of this Annual Report.

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

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

1. On 18 December 2020, Mr. Shi Baodong (an executive Director, the chairman of the Company and the chief executive officer of the Company), on a voluntary basis, unconditionally and irrevocably waived his monthly salary in the amount of HK$158,500 for the period from January 2021 to December 2021 in view of the adverse impact of the Pandemic to the Group's business.

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

DIRECTORS' INDEMNITY

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

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

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

DIRECTORS' SERVICE CONTRACTS AND LETTER OF APPOINTMENTS

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

SHARE OPTION SCHEME

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

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS

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

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

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

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

EMOLUMENT POLICY

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

REMUNERATION OF DIRECTORS AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

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

For the Year, Mr. Shi Baodong and Mr. Zhao Huining agreed to waive their Director's remuneration of HK$0.02 million and HK$1.29 million respectively (2019: Mr. Shi Baodong and Mr. Zhao Huining agreed to waive their Director's remuneration of HK$0.02 million and HK$2.80 million respectively).

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

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

As at the 31 December 2020, the interests and short positions of the Directors and chief executive of the Company in the ordinary shares (the "Shares"), underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance, Chapter 571 of the laws of Hong Kong (the "SFO") (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including long and short positions which were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered into the register maintained by the Company; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules were as follows:

Name of Director	Capacity	Number of Shares/ underlying shares of the Company held	Approximate percentage of shareholding in the Company (Note 3)
Mr. Shi	Interest in a controlled corporation	10,026,591,816 (Note 1)	77.59%
	Beneficial owner	130,239,145 (Note 2)	1.01%
Mr. Dong Xiaojie	Beneficial owner	2,014,285	0.02%

Notes:

1. Mr. Shi holds 100% equity interest in Orient Victory Real Estate Group Holdings Limited ("OVRE") and is deemed to be interested in the 10,026,591,816 shares of the Company held by OVRE under the SFO. The interests include the holding of (i) 7,835,102,880 Shares; (ii) the perpetual convertible securities issued in March 2016 (the "2016 March PCS") convertible into 128,771,155 Shares; and (iii) the perpetual convertible securities issued in October 2016 (the "2016 October PCS") convertible into 2,062,717,781 Shares.

2. Mr. Shi beneficially owns 130,239,145 Shares as at 31 December 2020.

3. The approximate percentage was calculated based on 12,922,075,516 Shares in issue as at 31 December 2020.

Save as disclosed above, as at 31 December 2020, none of the Directors or chief executive of the Company has or is deemed to have any long or short position in shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including long and short positions which were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered into the register maintained by the Company; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTOR'S RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

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

As at 31 December 2020, to the best knowledge of the Directors, the following entities (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying shares of the Company which fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of Shareholder	**Capacity**	**Number of Shares/ underlying shares of the Company held**	**Approximate percentage of shareholding in the Company** (Note 5)
OVRE (Note 1)	Beneficial owner	10,026,591,816	77.59%
Outstanding Global Holdings Limited ("OGH") (Note 2)	Person having security interests in shares of the Company	6,501,273,713	50.31%
Chance Talent Management Limited ("CTM") (Note 3)	Person having a security interest in shares and perpetual convertible securities of the Company	6,193,669,868	47.93%
Haitong International Asset Management (HK) Limited ("Haitong Asset Management") (Note 4)	Investment manager	2,812,957,781	21.77%

Notes:

1. OVRE is wholly-owned by Mr. Shi. The interests include the holding of (i) 7,835,102,880 Shares; (ii) the 2016 March PCS convertible into 128,771,155 Shares; and (iii) the 2016 October PCS convertible into 2,062,717,781 Shares.

2. OGH is wholly-owned by China Huarong International Holdings Limited which is indirectly wholly-owned by China Huarong Asset Management Co., Ltd. (a corporation listed on the Stock Exchange). The 6,501,273,713 Shares, comprise security interest in 6,501,273,713 Shares pledged by OVRE.

3. CTM is a limited liability business company incorporated under the laws of the British Virgin Islands and an indirectly wholly-owned special purpose vehicle of CCB International (Holdings) Limited. CCB International (Holdings) Limited is an investment services flagship which is indirectly wholly-owned by China Construction Bank Corporation, a joint-stock company incorporated in the PRC and listed on the Main Board of the Stock Exchange (stock code: 0939) and the Shanghai Stock Exchange (stock code: 601939). The 6,193,669,868 shares of the Company, in aggregate, comprise security interests in (i) 6,064,898,713 Shares pledged by OVRE; and (ii) the 2016 March PCS (convertible into 128,771,155 Shares) pledged by OVRE.

4. Haitong Asset Management is wholly-owned by Haitong International (BVI) Limited, which is in turn wholly-owned by Haitong International Securities Group Limited ("Haitong Securities"). Haitong Securities is owned as to 63.08% by Haitong International Holdings Limited ("Haitong Int'l") and Haitong Int'l is wholly-owned by Haitong Securities Co., Ltd. (a corporation listed on the Shanghai Stock Exchange and the Stock Exchange). The 2,812,957,781 shares of the Company held by Haitong Asset Management comprise security interests in (i) 784,240,000 Shares pledged by OVRE; and (ii) the 2016 October PCS (convertible into 2,028,717,781 Shares) pledged by OVRE.

5. The approximate percentage was calculated based on 12,922,075,516 Shares in issue as at 31 December 2020.

Save as disclosed above, as at 31 December 2020, the Directors and the chief executive of the Company are not aware of any other person or corporation having an interest or short positions in the Shares or underlying shares of the Company which would require to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

DIRECTOR'S INTEREST IN COMPETING BUSINESS

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

Name of Director	Name of entity which were considered to compete or likely to compete with the business of the Group	Description of competing business	Nature of interest
Mr. Shi	Orient Victory Group HK Holdings Limited 東勝集團香港控股有限公司 ("OVHK")	Real estate/Property development	Sole director and sole shareholder
	Orient Victory Property Development Group Co., Limited* (東勝房地產開發集團有限公司) ("OVPD")	Real estate/Property development	Sole shareholder

As (i) Mr. Shi is fully aware of his fiduciary duty to the Group, and will abstain from voting on any matter where there is or may be a conflict of interest; (ii) the Group engages only in travel-related property development projects which are located in the countryside while OVHK and OVPD engage in property development projects other than travel-related property development projects which are located in urban areas; and (iii) the Group have the first right of refusal on accepting the travel-related property development projects, the Group is capable of carrying its business independently of and at arm's length from the businesses of these entities.

Save as disclosed in this Annual Report, as at 31 December 2020, none of the Directors or any of their respective close associates had engaged in or had any interest in any business which causes or may cause any competition with the business of the Group or any conflicts with the interests of the Group.

CONNECTED TRANSACTION AND CONTINUING CONNECTED TRANSACTIONS

Connected Transaction

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

Disposal of China Comfort

On 26 March 2020, Dongsheng Huamei (an indirect wholly-owned subsidiary of the Company) and OVCT entered into an equity transfer agreement. Pursuant to which, Dongsheng Huamei agreed to transfer 49% equity interest in China Comfort to OVCT for cash consideration of RMB320.00 million (equivalent to approximately HK$359.41 million). The Disposal was completed in October 2020. Details of the Disposal are set out in the Company's announcements dated 31 July 2020, 30 September 2020 and 15 October 2020, and the Company's circular dated 24 June 2020.

As at the date of the equity transfer agreement, OVCT was owned as to 98% by Mr. Shi, the chairman of the Company, the chief executive officer of the Company, an executive Director and a controlling Shareholder, and the remaining 2% was owned by an independent third party. Accordingly, OVCT is an associate of Mr. Shi and thus a connected person of the Company, and the Disposal constituted a connected transaction of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio in respect of the Disposal exceeds 75%, the Disposal is subject to reporting, announcement, circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Continuing Connected Transactions

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

Service Agreement

On 30 September 2020, Four Seas Tours Limited (四海旅行社有限公司) ("Four Seas"), an indirect non-wholly owned subsidiary of the Company, and HK Four Seas Tours Limited (香港四海旅行社有限公司) ("HK Four Seas") renewed the service agreement (the "5th Service Agreement") which had expired on 3 September 2020 by entering into the renewed service agreement (the "Renewed Service Agreement") for a term of one year from 4 September 2020 to 3 September 2021 (both dates inclusive). Pursuant to the Renewed Service Agreement, HK Four Seas shall continue to grant a licence to Four Seas for the use of trademarks owned by HK Four Seas and HK Four Seas shall at cost sell to Four Seas air tickets which are purchased from the International Air Transport Association and such other agencies. Four Seas has agreed that it shall purchase a minimum of 1,000 air tickets from HK Four Seas every 3 months during the term (the "Minimum Air Tickets") and the average minimum purchase price of each of the Minimum Air Tickets shall be HK$3,400 (collectively the "Services").

As Four Seas is owned as to 35% by Four Seas Travel (BVI) Limited ("Four Seas BVI") and HK Four Seas is a wholly-owned subsidiary of Four Seas BVI, HK Four Seas is a connected person of the Company at the subsidiary level. Accordingly, the transactions contemplated under the Renewed Service Agreement constitute continuing connected transactions under Chapter 14A of the Listing Rules and according to Rule 14A.101 of the Listing Rules, the continuing connected transactions contemplated under the Renewed Service Agreement are subject to the reporting and announcement requirements but are exempt from the circular, independent financial advice and shareholders' approval requirements. For details, please refer to the announcement of the Company dated 30 September 2020.

For the Services, the Company has set annual caps in the sum of HK$6.33 million for the period from 4 September 2020 to 31 December 2020 and HK$107.82 million for the period from 1 January 2021 to 3 September 2021. The aggregated transactions amount with Four Seas under the 5th Service Agreement for the period from 1 January 2020 to 3 September 2020 amounted to approximately HK$22.61 million and the aggregated transactions amount with Four Seas under the Renewed Service Agreement for the period from 4 September 2020 to 31 December 2020 amounted to approximately HK$2.16 million. The Company confirms that the aggregated transactions amount with HK Four Seas for the Year had not exceeded the annual caps for the Year.

The Company confirms further that it had complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

Event Planning Framework Agreement

On 28 November 2019, the Company and OVPD entered into an event planning framework agreement (the "Event Planning Framework Agreement"). Pursuant to which, OVPD agreed to appoint the Company or its subsidiaries as its exclusive agent for the provision of event planning and all-round event production services in connection with its real estate development business in the PRC for the period from 28 November 2019 to 30 September 2022. Details of the Event Planning Framework Agreement are set out in the Company's circular dated 10 January 2020.

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

The extraordinary general meeting of the Company for the approval of the Event Planning (the "EGM") was held on 31 January 2020 and the Event Planning with annual caps at RMB9.48 million (equivalent to approximately HK$10.56 million) for the period from 28 November 2019 to 31 December 2019, RMB35.82 million (equivalent to approximately HK$39.89 million) and RMB26.05 million (equivalent to approximately HK$29.01 million) for the years ended 31 December 2020 and 2021 respectively and RMB17.11 million (equivalent to approximately HK$19.06 million) for the 9-month ended 30 September 2022 were approved at the EGM.

The aggregated transactions amount (including value added tax) with OVPD under the Event Planning Framework Agreement for the Year amounted to RMB31.74 million (equivalent to approximately HK$35.65 million). The Company confirms that the aggregated transactions amount (including value added tax) with OVPD under the Event Planning Framework Agreement for the Year had not exceeded the annual cap for the Year.

The Company confirms further that it had complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

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

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

1. in the ordinary and usual course of business of the Group;

2. on normal commercial terms or better; and

3. according to the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

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

The Directors confirm that, save as disclosed above, none of the related party transactions set out in note 33 to the consolidated financial statements constituted connected transactions or continuing connected transactions under Chapter 14A of the Listing Rules that is required to be disclosed. Save as disclosed in note 33 to the consolidated financial statements, the Group had not entered into any connected transactions or continuing connected transactions which are required to be disclosed in this report pursuant to the Listing Rules during the Year.

AUDIT COMMITTEE

The Company has established an Audit Committee with written terms of reference in compliance with the Listing Rules. The Audit Committee presently comprises two independent non-executive Directors, namely Mr. Suei Feng-jih (being the chairman of the Audit Committee) and Mr. He Qi, and a non-executive Director, namely, Ms. Song Sining.

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

CORPORATE GOVERNANCE

Save as disclosed in the Corporate Governance Report on pages 34 to 41 of this Annual Report, the Company had complied with the code provisions as set out in the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules throughout the Year. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 34 to 41 of this Annual Report.

SIGNIFICANT LEGAL PROCEEDINGS

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

SUFFICIENCY OF PUBLIC FLOAT

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

EVENTS AFTER THE REPORTING PERIOD

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

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

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

INDEPENDENT AUDITOR

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

APPROVAL OF THE FINANCIAL STATEMENTS

The consolidated financial statements of the Group for the Year were approved by the Board on 31 March 2021.

On behalf of the Board

Shi Baodong
Chairman

Hong Kong, 31 March 2021

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

CORPORATE GOVERNANCE REPORT

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

BOARD COMPOSITION AND BOARD PRACTICES

As at 31 December 2020, the Board consisted of seven Directors, including the chairman, Mr. Shi Baodong, who is also the chief executive officer of the Company and an executive Director, two additional executive Directors, a non-executive Director and three independent non-executive Directors. Not less than one-third of the Board are independent non-executive Directors. A list of the Directors and their respective biographies is set out on pages 19 to 21 of this Annual Report.

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

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

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

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

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

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

The Board held twelve meetings in the Year:

Board	Attendance (Number of meetings attended/ eligible to attend)
Executive Directors:	
Mr. Shi Baodong	11/12
Mr. Mo Yueming	9/12
Mr. Zhao Huining	10/12
Non-executive Director:	
Ms. Song Sining	11/12
Independent Non-executive Directors:	
Mr. Dong Xiaojie	9/12
Mr. He Qi	11/12
Mr. Suei Feng-jih	11/12

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

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

CORPORATE GOVERNANCE CODE

The Company had complied with the code provisions as set out in the CG Code throughout the Year except for deviations from code provisions A.2.1 and A.6.7 of CG Code.

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

The code provision A.6.7 of the CG Code requires that the independent non-executive directors and other non-executive directors, as equal board members, should attend general meetings and develop a balanced understanding of the views of shareholders. Ms. Song Sining, Mr. Dong Xiaojie and Mr. He Qi were unable to attend the extra-ordinary general meeting of the Company held on 31 January 2020 due to other important engagements. In addition, Mr. Dong Xiaojie was unable to attend the annual general meeting of the Company held on 30 June 2020 due to other important engagement.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code of conduct for dealings in securities of the Company by the Directors.

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

RISK MANAGEMENT AND INTERNAL CONTROL

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

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

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

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

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

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

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

RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

The statement of the Auditor's reporting responsibilities on the consolidated financial statements of the Group is set out in the Independent Auditor's Report on pages 42 to 46 of this Annual Report.

AUDITORS' REMUNERATION

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

For the Year, the remuneration paid or payable to KPMG in respect of statutory annual audit services and non-audit services is of approximately HK$3.20 million and HK$1.52 million respectively, details of which are set out below:

	HK$'000
Audit services	
– statutory annual audit services	3,201
Non-audit services	
– acting as reporting accountant for a very substantial disposal transaction	1,179
– other non-audit service	337

COMPANY SECRETARY

Mr. Ip Pui Sum, the Company Secretary for the Year, is an external service provider to the Company and a Certified Public Accountant practicing in Hong Kong. He has taken no less than 15 hours of relevant professional training as required by Rule 3.29 of the Listing Rules.

CONTINUOUS PROFESSIONAL DEVELOPMENT FOR DIRECTORS AND SENIOR MANAGEMENT

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

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

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

AUDIT COMMITTEE

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

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

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

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

Audit Committee	**Attendance (Number of meetings attended/ eligible to attend)**
Mr. Suei Feng-jih *(Chairman)*	2/2
Mr. He Qi	2/2
Ms. Song Sining	2/2

REMUNERATION COMMITTEE

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

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

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

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

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

NOMINATION COMMITTEE

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

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

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

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

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

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

SHAREHOLDERS' RIGHTS

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

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

KPMG

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

Opinion

We have audited the consolidated financial statements of Orient Victory Travel Group Company Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 47 to 117, which comprise the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("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") together with any ethical requirements that are relevant to our audit of the consolidated financial statements in the Cayman Islands, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

Key audit matters *(continued)*

Valuation of investment properties under development

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

The Key Audit Matter	How the matter was addressed in our audit
The Group held investment properties under development, representing land under development, with a total carrying amount of HK$139,403,000 as at 31 December 2020, which accounted for 16.39% of the Group's total assets as at that date. The net changes in fair value of investment properties under development recorded in the consolidated statement of profit or loss for the year ended 31 December 2020 amounted to HK$1,457,000. The related investment properties under development are located in Hebei Province in Mainland China, for the purposes of developing service apartments and parking space. The fair values of investment properties under development as at 31 December 2020 were assessed by the board of directors primarily based on independent valuations prepared by qualified external property valuers based on market prices for comparable lands in similar location and condition. We identified the valuation of investment properties under development as a key audit matter because of their significance to the Group's consolidated financial statements and because the determination of the fair values involves significant degree of judgement and may be subject to management bias.	Our audit procedures to assess the investment properties under development included the following: • obtaining and inspecting the valuation reports prepared by the external property valuers on which the management's assessment of the fair values of investment properties under development was based; • assessing the external property valuers' qualifications, experience and expertise in the properties being valued and considering their objectivity; • with the assistance of our internal property valuation specialists, discussing with the external property valuers, without the presence of management, their valuation methodology and assessing the key estimates and assumptions adopted in the valuations by comparing comparable market transactions with the available market data and by utilising the industry knowledge and experience of our internal property valuation specialists.

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

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

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

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

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

Responsibilities of the directors for the consolidated financial statements

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

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

KPMG
Certified Public Accountants

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

31 March 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2020
(Expressed in Hong Kong dollars ("HK$"))

	Notes	2020 $'000	2019 $'000 (Restated) (Note)
Continuing operations:			
Revenue	4	208,286	475,999
Cost of sales and services		(177,439)	(426,874)
Gross profit		30,847	49,125
Other income	5	2,939	1,707
Selling, general and administrative expenses		(67,532)	(79,273)
Impairment of goodwill	15	(15,404)	–
Share of loss of an associate		–	(1,230)
Valuation gains on investment properties	22(b), 13	1,457	28,025
Gain on disposal of interest in a subsidiary		1,006	–
Loss from operations		(46,687)	(1,646)
Finance costs	6(a)	(10,995)	(5,971)
Loss before taxation	6	(57,682)	(7,617)
Income tax	7	1,326	(5,558)
Loss for the year from continuing operations		(56,356)	(13,175)
Discontinued operations:			
Profit/(loss) for the year from discontinued operations	8(c)	11,430	(10,807)
Loss for the year		(44,926)	(23,982)
Attributable to:			
Equity owners of the Company			
– continuing operations		(34,989)	(23,290)
– discontinued operations		11,430	(10,807)
		(23,559)	(34,097)
Non-controlling interests			
– continuing operations		(21,367)	10,115
Loss for the year		(44,926)	(23,982)
Basic and diluted earning/(loss) per share	12		
– continuing operations		(HK0.30 cent)	(HK0.30 cent)
– discontinued operations		HK0.09 cent	(HK0.08 cent)

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

The notes on pages 55 to 117 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2020
(Expressed in HK$)

	2020 $'000	2019 $'000 (Restated) (Note)
Loss for the year	**(44,926)**	(23,982)
Other comprehensive income for the year (after tax)		
Items that may be reclassified subsequently to profit or loss:		
– exchange differences on translation of financial statements of foreign operations	**44,554**	(16,316)
– exchange reserve recycled to profit or loss upon disposal of subsidiaries	**(121)**	–
	44,433	(16,316)
Total comprehensive income for the year	**(493)**	(40,298)
Attributable to:		
Equity owners of the Company		
– continuing operations	**6,651**	(38,049)
– discontinued operations	**11,430**	(10,807)
	18,081	(48,856)
Non-controlling interests		
– continuing operations	**(18,574)**	8,558
Total comprehensive income for the year	**(493)**	(40,298)

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

The notes on pages 55 to 117 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2020
(Expressed in HK$)

	Notes	2020 $'000	2019 $'000
Non-current assets			
Investment properties	13	139,403	159,358
Other property, plant and equipment	13	131,395	132,170
		270,798	291,528
Intangible assets	14	4,055	7,813
Goodwill	15	–	15,298
Interest in an associate		–	343,518
Deferred tax assets	29	2,373	2,396
		277,226	660,553
Current assets			
Inventories	17	214,620	193,362
Trade receivables	18	19,736	53,875
Prepayments, deposits and other receivables	19	109,719	162,205
Restricted bank deposits	20	2,239	3,123
Cash and cash equivalents	21	179,309	117,807
Assets held for sale	22	47,538	–
		573,161	530,372
Current liabilities			
Trade payables	23	26,810	40,338
Contract liabilities	24	9,555	15,229
Other payables and accruals	25	92,560	278,177
Short-term borrowings	26	–	17,935
Lease liabilities	27	1,740	3,918
Provisions		1,034	976
		131,699	356,573
Net current assets		441,462	173,799
Total assets less current liabilities		718,688	834,352
Non-current liabilities			
Long-term borrowings	26	–	109,387
Lease liabilities	27	435	1,907
Deferred tax liabilities	29	13,031	13,429
Provisions		2,669	3,467
		16,135	128,190
NET ASSETS		702,553	706,162

The notes on pages 55 to 117 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2020
(Expressed in HK$)

	Notes	2020 $'000	2019 $'000
CAPITAL AND RESERVES	30		
Share capital		**64,610**	64,610
Perpetual convertible securities	31	**296,274**	296,274
Reserves		**263,936**	245,707
Total equity attributable to equity owners of the Company		**624,820**	606,591
Non-controlling interests		**77,733**	99,571
TOTAL EQUITY		**702,553**	706,162

Approved and authorised for issue by the board of directors on 31 March 2021.

Shi Baodong
Chairman

Mo Yueming
Director

The notes on pages 55 to 117 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2020
(Expressed in HK$)

	Notes	Attributable to equity owners of the Company						Non-controlling interests	Total equity
		Share capital $'000 Note 30(b)	Share premium $'000 Note 30(c)	Perpetual convertible securities $'000 Note 31	Exchange reserve $'000 Note 30(d)	Accumulated losses $'000	Total $'000	$'000	$'000
Balance at 1 January 2019		63,750	611,206	396,274	(20,031)	(307,599)	743,600	40,860	784,460
Changes in equity for 2019:									
Loss for the year		–	–	–	–	(34,097)	(34,097)	10,115	(23,982)
Other comprehensive income		–	–	–	(14,759)	–	(14,759)	(1,557)	(16,316)
Total comprehensive income		–	–	–	(14,759)	(34,097)	(48,856)	8,558	(40,298)
Acquisitions of subsidiaries		–	–	–	–	–	–	50,153	50,153
Distributions to holders of perpetual convertible securities	31	–	–	–	–	(13,037)	(13,037)	–	(13,037)
Issuance of new shares	30(b)	860	23,850	–	–	–	24,710	–	24,710
Equity-settled share-based transactions	28	–	174	–	–	–	174	–	174
Redemption of perpetual convertible securities	31	–	–	(100,000)	–	–	(100,000)	–	(100,000)
		860	24,024	(100,000)	–	(13,037)	(88,153)	50,153	(38,000)
Balance at 31 December 2019		64,610	635,230	296,274	(34,790)	(354,733)	606,591	99,571	706,162

The notes on pages 55 to 117 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2020
(Expressed in HK$)

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

The notes on pages 55 to 117 form part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2020
(Expressed in HK$)

	Notes	2020 $'000	2019 $'000 (Restated) (Note)
Operating activities			
Profit/(loss) before taxation:			
– continuing operations		(57,682)	(7,617)
– discontinued operations		11,430	(10,807)
		(46,252)	(18,424)
Adjustments for:			
Valuation gains on investment properties	22(b), 13	(1,457)	(28,025)
Depreciation and amortisation	13, 14	12,117	8,076
Impairment losses recognised on goodwill	15	15,404	–
Gain on disposal of property, plant and equipment, net	4	(37)	–
Interest income	5	(2,939)	(1,707)
Finance costs	6(a)	10,995	5,971
Share of losses of associates	8(c)	14,256	10,974
Gain on disposal of discontinued operations	8(e)	(25,686)	(179)
Gain on disposal of interest in a subsidiary		(1,006)	–
Equity-settled share-based payment expenses	28	148	174
Changes in working capital:			
Increase in inventories		(23,230)	(132,009)
Decrease/(increase) in trade receivables		35,454	(28,871)
Decrease in prepayments, deposits and other receivables		106,232	91,698
(Decrease)/increase in trade payables		(14,938)	13,696
(Decrease)/increase in contract liabilities		(5,674)	14,006
Decrease in other payables and accruals		(28,614)	(30,205)
Cash generated from/(used in) operating activities		44,773	(94,825)

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

The notes on pages 55 to 117 form part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2020
(Expressed in HK$)

	Notes	2020 $'000	2019 $'000 (Restated) (Note)
Investing activities			
Payments for the purchase of property, plant and equipment		(20,191)	(8,464)
Payments for the purchase of intangible assets		–	(19)
Net cash acquired from the acquisition of subsidiaries		–	23,321
Cash paid for the acquisition of subsidiaries		(3,172)	–
Net proceeds from disposal of discontinued operations, net of cash disposal of	8(e)	357,323	13,715
Proceeds from repayment of loans of an associate	8(a)	36,323	–
Prepayments for investments	19	(81,497)	–
Net decrease in restricted bank deposits		884	8,671
Interest received		–	929
Net cash generated from investing activities		289,670	38,153
Financing activities			
Proceeds from bank and other borrowings	21(b)	–	20,673
Repayment of bank and other borrowings	21(b)	(137,089)	(16,171)
(Repayment to)/advances from related parties	21(b)	(126,181)	75,456
Repayment of advance from non-controlling shareholder		(14,040)	–
Distributions paid to holders of perpetual convertible securities	21(b)	–	(13,037)
Capital element of lease rentals paid	21(b)	(3,030)	(3,314)
Interest element of lease rentals paid	21(b)	(156)	(223)
Interest paid	21(b)	(171)	(587)
Net proceeds from issuance of new shares	30(b)	–	24,710
Payment for redemption of perpetual convertible securities	31	–	(100,000)
Net cash used in financing activities		(280,667)	(12,493)
Net increase/(decrease) in cash and cash equivalents		53,776	(69,165)
Cash and cash equivalents at 1 January	21	117,807	188,873
Effect of foreign exchange rate changes		7,726	(1,901)
Cash and cash equivalents at 31 December	21	179,309	117,807

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

The notes on pages 55 to 117 form part of these consolidated financial statements.

1 Corporate information

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

The Company and its subsidiaries (the "Group") are principally engaged in the diversified tourism products and services businesses, integrated development businesses, and investment holding business during the year ended 31 December 2020.

2 Significant accounting policies

(a) Statement of compliance

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

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

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2020 comprise the Company and its subsidiaries.

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

The measurement basis used in the preparation of the financial statements is the historical cost basis except for interests in leasehold land held as investment property and contingent consideration which are stated at their fair value (see Notes 2(f), 2(g) and 2(u)(i)).

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

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

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

2 Significant accounting policies *(continued)*

(c) Changes in accounting policies

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

- Amendments to HKFRS 3, *Definition of a Business*

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

(d) Subsidiaries and non-controlling interests

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

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

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

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

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

2 Significant accounting policies *(continued)*

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

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

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

(e) Associates

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

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

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

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

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

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

2 Significant accounting policies *(continued)*

(f) Business combination and goodwill

The Group applies the acquisition method to account for business combination. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKAS 39 either in profit or loss or as a change to other comprehensive income.

Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Goodwill represents the excess of:

(i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over

(ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

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

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

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

(g) Investment property

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

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

2 Significant accounting policies *(continued)*

(g) Investment property *(continued)*

An entity shall transfer a property to, or from, investment property when, and only when, there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use.

For a transfer from inventories to investment property that will be carried at fair value, any difference between the fair value of the property at that date and its previous carrying amount shall be recognised in profit or loss.

(h) Other property, plant and equipment

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

- right-of-use assets arising from leases over freehold or leasehold properties where the Group is not the registered owner of the property interest; and

- items of plant and equipment, including right-of-use assets arising from leases of underlying plant and equipment (see Note 2(j)).

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

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

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

Buildings	2.5% to 5%
Furniture and leasehold improvements	20% to 25%, not exceeding the lease terms
Machinery and equipment	9.5% to 25%
Motor vehicles	9.5% to 30.3%

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

2 Significant accounting policies *(continued)*

(i) Intangible assets (other than goodwill)

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

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

– Software	1 to 5 years
– Others	1 to 2 years

Both the period and method of amortisation are reviewed annually.

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

(j) Leased assets

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

(i) As a lessee

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

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

2 Significant accounting policies *(continued)*

(j) Leased assets *(continued)*

(i) As a lessee (continued)

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

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

– right-of-use assets that meet the definition of investment property are carried at fair value in accordance with Note 2(g); and

– right-of-use assets related to interests in leasehold land where the interest in the land is held as inventory are carried at the lower of cost and net realisable value in accordance with Note 2(l).

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

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are any rent concessions which arose as a direct consequence of the COVID-19 pandemic and which satisfied the conditions set out in paragraph 46B of HKFRS 16 Leases. In such cases, the Group took advantage of the practical expedient set out in paragraph 46A of HKFRS 16 and recognised the change in consideration as if it were not a lease modification.

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

2 Significant accounting policies *(continued)*

(j) Leased assets *(continued)*

(ii) As a lessor

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

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

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

(k) Credit losses and impairment of assets

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

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

Measurement of ECLs

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

The expected cash shortfalls for fixed-rate financial assets, including trade and other receivables and loans to associates are discounted using the effective interest rate determined at initial recognition or an approximation thereof, where the effect of discounting is material; and for lease receivables are discounted using the discount rate used in the measurement of the lease receivable.

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

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

2 Significant accounting policies *(continued)*

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

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

Measurement of ECLs *(continued)*

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

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

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

Significant increases in credit risk

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

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

- failure to make payments of principal or interest on their contractually due dates;

- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

- an actual or expected significant deterioration in the operating results of the debtor; and

- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

2 Significant accounting policies *(continued)*

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

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

Significant increases in credit risk *(continued)*

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

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

Basis of calculation of interest income

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

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

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

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

Write-off policy

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

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

2 Significant accounting policies *(continued)*

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

(ii) Impairment of other non-current assets

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

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

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

- Calculation of recoverable amount

  The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest Group of assets that generates cash inflows independently (i.e. a cash-generating unit).

- Recognition of impairment losses

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

2 Significant accounting policies *(continued)*

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

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

– Reversals of impairment losses

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

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

(iii) Interim financial reporting and impairment

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

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

(l) Inventories and other contract costs

(i) Inventories

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

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

– Property under development for sale

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

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

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

2 Significant accounting policies *(continued)*

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

(ii) Other contract costs

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

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

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

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

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

(m) Contract assets and contract liabilities

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

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

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

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

2 Significant accounting policies *(continued)*

(n) Trade and other receivables

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

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses (see Note 2(k)(i)).

(o) Cash and cash equivalents

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

(p) Trade and other payables

Trade and other payables are initially recognised at fair value. Trade and other payables are subsequently stated at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

(q) Interest-bearing borrowings

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

(r) Perpetual convertible securities

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

(s) Employee benefits

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

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

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

2 Significant accounting policies *(continued)*

(s) Employee benefits *(continued)*

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

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

(ii) Termination benefits

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

(iii) Share-based payment arrangements

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

(t) Income tax

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

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

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

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

2 Significant accounting policies *(continued)*

(t) Income tax *(continued)*

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

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

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

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

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

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  - the same taxable entity; or

  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

2 Significant accounting policies *(continued)*

(u) Provisions and contingent liabilities

(i) Provisions and contingent liabilities

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

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

(ii) Contingent liabilities assumed in business combinations

Contingent liabilities assumed in a business combination which are present obligations at the date of acquisition are initially recognised at fair value, provided the fair value can be reliably measured. After their initial recognition at fair value, such contingent liabilities are recognised at the higher of the amount initially recognised, less accumulated amortisation where appropriate, and the amount that would be determined in accordance with Note 2(u)(i). Contingent liabilities assumed in a business combination that cannot be reliably fair valued or were not present obligations at the date of acquisition are disclosed in accordance with Note 2(u)(i).

(v) Revenue recognition

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

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

2 Significant accounting policies *(continued)*

(v) Revenue recognition *(continued)*

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

(i) Sale of goods

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

(ii) Sale of properties

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

(iii) Service income

Service income from the rendering of services is recognised using the percentage of completion method.

(iv) Commission income

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

(v) Rental income from operating leases

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

(vi) Interest income

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

(vii) Dividend income

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

2 Significant accounting policies *(continued)*

(w) Foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

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

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

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

(x) Borrowing costs

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

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

2 Significant accounting policies *(continued)*

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

(i) Non-current assets held for sale

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

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

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

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

(ii) Discontinued operations

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

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

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

- the post-tax profit or loss of the discontinued operation; and

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

2 Significant accounting policies *(continued)*

(z) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

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

(i) The entity and the Group are members of the same group.

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

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

(aa) Segment reporting

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

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

3 Accounting judgement and estimates

Estimation uncertainty

The key assumptions concerning the future and other significant sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities, are described below.

(i) Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period, except where goodwill and indefinite life intangible assets are tested for impairment annually (see Note 2(k)(ii)). An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset or cash-generating unit. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Changes in these estimates could have a significant impact on the recoverable amount of the asset or cash-generating unit, and could result in additional impairment charge or reversal of impairment in future years.

(ii) Expected credit losses of receivables

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

(iii) Valuation of investment properties under development

As described in Note 13, investment properties representing lands under development are stated at fair value based on the valuation performed by independent firms of professional surveyors. In determining the fair value of investment properties, the valuers have based on a method of valuation which involves, inter alia, certain estimates mainly including market price for comparable lands in the similar location and condition. In relying on the valuation report, management has exercised their judgement and are satisfied that the method of valuation is reflective of the current market conditions.

4 Revenue and segment reporting

(a) Revenue

The Group is principally engaged in the provision of diversified tourism products and services businesses, integrated development businesses, and investment holding business. Further details regarding the Group's principal activities are disclosed in Note 4(b).

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

	2020 $'000	2019 $'000
Continuing operations:		
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products or service lines:		
– Sales of air tickets	37,817	311,157
– Sales of diversified tourism products, provision of travel and other related services and commission income	53,966	84,671
– Sales of products and service income from tourism attractions	29,806	49,388
– Marketing, event planning and consulting services	40,840	30,783
– Sales of properties	45,857	–
	208,286	475,999

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

For the year ended 31 December 2019, the Group had no individual customer with whom transactions exceeding 10% of the Group's revenue.

For the year ended 31 December 2020, the Group had transactions with a customer and entities under its control in the integrated development segment contributing total revenue of approximately $34,598,000 to the Group, representing over 10% of the Group's revenue for the year ended 31 December 2020. The corresponding total revenue of this customer and entities under its control for the year ended 31 December 2019 is not disclosed as the respective revenue did not contribute over 10% of the Group's total revenue for the year ended 31 December 2019. Details of concentrations of credit risk are set out in Note 35(a).

4 Revenue and segment reporting *(continued)*

(b) Segment reporting

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

Continuing reportable segments:

- The diversified tourism products and services segment, which comprises the sale of air tickets and other tourism products, provision of travel related and other services principally to corporate clients.
- The integrated development segment, which involves the development and operation of tourism and cultural attractions, sales of products, properties for lease business and for sale, and other services.
- The investment holding segment, which involves equity investment activities.

Discontinued reportable segments:

- The interest in an associate, China Comfort Tourism Group Company Limited ("China Comfort").
- The financial services segment, which mainly involved the provision of advisory services on corporate finance, securities and asset management.

(i) Segment results, assets and liabilities

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

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

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

4 Revenue and segment reporting *(continued)*

(b) Segment reporting *(continued)*

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

Disaggregation of revenue from contracts with customers by the timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2020 and 2019 is set out below.

	Continuing operations								Discontinued operations						
	Diversified tourism products and services		Integrated development		Investment holding		Sub-total		China Comfort		Financial services	Sub-total		Total	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000 (Restated) (Note)	2020 $'000	2019 $'000 (Restated) (Note)	2020 $'000	2019 $'000 (Restated) (Note)	2019 $'000	2020 $'000	2019 $'000 (Restated) (Note)	2020 $'000	2019 $'000 (Note)
Disaggregated by timing of revenue recognition:															
– Point in time	91,783	395,828	101,326	76,312	–	–	193,109	472,140	–	–	–	–	–	193,109	472,140
– Over time	–	–	15,177	3,859	–	–	15,177	3,859	–	–	–	–	–	15,177	3,859
Revenue from external customers	91,783	395,828	116,503	80,171	–	–	208,286	475,999	–	–	–	–	–	208,286	475,999
Segment results	(22,281)	(10,605)	(15,600)	28,499	(8,806)	(19,540)	(46,687)	(1,646)	11,430	(9,744)	(1,063)	11,430	(10,807)	(35,257)	(12,453)
Finance costs							(10,995)	(5,971)	–	–	–	–	–	(10,995)	(5,971)
Loss before taxation							(57,682)	(7,617)	11,430	(9,744)	(1,063)	11,430	(10,807)	(46,252)	(18,424)
Segment assets	27,291	78,749	556,999	606,297	84,549	41,431	668,839	726,477	–	343,518	–	–	343,518	668,839	1,069,995
Corporate and other unallocated assets														181,548	120,930
Total assets														850,387	1,190,925
Segment and total liabilities	35,554	66,734	65,990	313,646	46,290	104,383	147,834	484,763	–	–	–	–	–	147,834	484,763
Other segment information:															
Share of losses of associates	–	–	–	–	–	1,230	–	1,230	14,256	9,744	–	14,256	9,744	14,256	10,974
Gain on disposal of property, plant and equipment, net	–	–	(37)	–	–	–	(37)	–	–	–	–	–	–	(37)	–
Impairment of goodwill	2,586	–	12,818	–	–	–	15,404	–	–	–	–	–	–	15,404	–
Gain on disposal of interest in a subsidiary	–	–	(1,006)	–	–	–	(1,006)	–	–	–	–	–	–	(1,006)	–
Depreciation and amortisation	6,443	1,495	4,724	6,194	950	387	12,117	8,076	–	–	–	–	–	12,117	8,076
Capital expenditure	21	3,581	2,722	7,655	2,319	50	5,062	11,286	–	–	–	–	–	5,062	11,286

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

4 Revenue and segment reporting *(continued)*

(b) Segment reporting *(continued)*

(ii) Geographical information

The following table sets out information about the geographical location of the Group's revenue from external customers and the Group's assets. The geographical location of customers is based on the location at which the goods and services were sold or provided. The geographical location of the specified assets is based on the physical location of the assets or the location of the operations, in the case of investment properties, other property, plant and equipment, intangible assets, deferred tax assets and current assets, and the location of operations, in the case of goodwill and interest in an associate except for the associate's intangible assets in distribution network which is separately allocated based on the location receiving the substantial benefits.

	Revenue from external customers (Continuing operations)		Non-current assets		Current assets		Total assets	
	2020	2019	2020	2019	2020	2019	2020	2019
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Hong Kong (place of domicile)	27,368	210,261	2,005	349,908	21,048	45,630	23,053	395,538
Mainland China	135,061	265,738	274,922	280,367	488,809	428,805	763,731	709,172
New Zealand	45,857	–	299	30,278	63,304	55,937	63,603	86,215
	208,286	475,999	277,226	660,553	573,161	530,372	850,387	1,190,925

5 Other income

	2020	2019
	$'000	$'000
Interest income	2,939	881
Finance income in connection with interest-free loan to an associate	–	826
	2,939	1,707

6 Loss before taxation

Loss before taxation is arrived at after charging:

(a) Finance costs

	2020 $'000	2019 $'000
Interest on bank loans	171	587
Interest on lease liabilities	156	223
Finance costs in connection with interest-free loans from non-controlling shareholders of a subsidiary	9,642	3,802
Net foreign exchange loss	1,026	1,359
	10,995	5,971

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

	2020 $'000	2019 $'000
Wages, salaries and other benefits	30,559	39,375
Pension scheme contributions	735	2,357
Equity-settled share-based payment expenses (Note 28)	148	174
	31,442	41,906

(c) Other items

	2020 $'000	2019 $'000
Cost of inventories sold (Note 17(b))	82,832	311,294
Amortisation cost of intangible assets (Note 14)	4,044	24
Depreciation charge (Note 13)		
– owned property, plant and equipment	3,789	3,983
– right-of-use assets	4,284	4,069
Impairment losses on trade receivables		
– trade receivables (Note 35(a))	5,916	1,327
Auditors' remuneration	3,538	4,447

7 Income tax in the consolidated statement of profit or loss

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

	2020 $'000	2019 $'000
Current tax – New Zealand		
Provision for the year	140	–
Current tax – Mainland China		
Provision for the year	49	–
Deferred tax		
Origination and reversal of temporary differences	(1,515)	5,558
Net tax (credit)/charge for the year	(1,326)	5,558

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

	2020 $'000	2019 $'000 (Restated)
Loss before taxation	(57,682)	(7,617)
Notional tax on losses before taxation, calculated at the rates applicable to profits in the jurisdictions concerned	(12,262)	4,375
Tax effect of non-deductible expenses	40	117
Tax effect of share of loss of an associate	–	307
Tax effect of non-taxable income	(256)	(87)
Tax effect of utilisation of previously unrecognised tax losses	(833)	(1,407)
Tax effect of unused tax losses and temporary differences not recognised	11,985	2,253
Actual tax expense	(1,326)	5,558

Notes:

(i) Provision for Hong Kong Profits Tax for 2020 is calculated at 16.5% (2019: 16.5%) of the estimated assessable profits for the year. The Company and the subsidiaries of the Group incorporated in Hong Kong did not have assessable profits subject to Hong Kong Profits Tax for 2020 (2019: $Nil).

(ii) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (the "BVI"), the Group is not subject to any income tax in the Cayman Islands and the BVI.

(iii) Pursuant to the rules and regulations of the PRC, the Group's subsidiaries established in the mainland ("Mainland China") of the PRC are subject to PRC Corporate Income Tax at the statutory rate of 25% during the year ended 31 December 2020 (2019: 25%).

(iv) Pursuant to the rules and regulations of the New Zealand, the Group's subsidiaries established in the New Zealand are subject to the Business Income Tax at the statutory rate of 28% during the year (2019: 28%).

8 Discontinued operation

(a) Disposal of discontinued operation in 2020

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

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

The consolidated results of China Comfort and its subsidiaries accounted for by the Group for the period from 1 January 2020 to 15 October 2020 have been presented as discontinued operation in the Group's consolidated financial statements and the comparative figures of the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, and corresponding notes have been restated to show the discontinued operation separately from continuing operations.

8 Discontinued operations *(continued)*

(a) Disposal of discontinued operation in 2020 *(continued)*

Summarised financial information of China Comfort

Summarised financial information of China Comfort, adjusted for fair value adjustments made at the date of acquisition and any differences in accounting policies, and reconciled to the carrying amounts in the consolidated financial statements is disclosed below:

	At 15 October 2020 $'000	2019 $'000
Gross amounts of China Comfort's		
Non-current assets	1,098,579	1,092,437
Current assets	101,831	157,977
Current liabilities	(293,255)	(319,837)
Non-current liabilities	(230,365)	(229,460)
Non-controlling interests	21	(60)
Equity attributable to the Group	676,811	701,057
Group's effective interest	49%	49%
Group's share of net assets of China Comfort and carrying amount in the consolidated financial statements	331,637	343,518

	Period from 1 January 2020 to 15 October 2020 $'000	2019 $'000
Revenue	56,756	481,390
Net loss for the year	(29,094)	(19,886)
Group's effective interest	49%	49%
Group's share of net loss of China Comfort in the consolidated financial statements	(14,256)	(9,744)

8 Discontinued operations *(continued)*

(b) Disposal of discontinued operation in 2019

On 18 April 2019, the Company entered into a sale and purchase agreement with Mr. Shi Baodong to sell its 100% equity interest in Orient Victory International Financial Holdings Limited ("OVIF") at a cash consideration of $15,900,000. OVIF was an investment holding company incorporated in BVI which mainly and indirectly held the entire interests in two operating subsidiaries, namely Orient Victory Azure Capital Limited ("OVAC") (a company incorporated in Hong Kong and licensed to carry on Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (the "SFO")) and Orient Victory Azure Asset Management Limited ("OVAAM") (a company incorporated in Hong Kong and licensed to carry on Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO). OVAC and OVAAM were engaged in the provision of financial services.

The disposal of OVIF was completed on 15 May 2019. Accordingly, the Group ceased to hold any interest in OVIF, OVAC, OVAAM and other intermediate holding companies (collectively referred to as the "OVIF Group"). Upon completion of the transaction, all of the Group's financial services business was disposed of.

The consolidated results of the OVIF Group for the period from 1 January 2019 to 15 May 2019 have been presented as discontinued operation in the Group's consolidated financial statements.

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

	Period from 1 January 2020 to 15 October 2020 $'000	2019 $'000 (Restated)
Selling, general and administrative expenses	–	(1,242)
Share of loss of an associate	(14,256)	(9,744)
Loss for the year	(14,256)	(10,986)
Gain on disposal of discontinued operations	25,686	179
Profit/(loss) for the year from discontinued operations	11,430	(10,807)
Attributable to:		
Equity owners of the Company	11,430	(10,807)

8 Discontinued operations *(continued)*

(d) Cash flows generated from discontinued operations, including both the interests in China Comfort and the OVIF Group

	Period from 1 January 2020 to 15 October 2020 $'000	2019 $'000
Net cash used in operating activities	(29,971)	(15,028)
Net cash generated from investing activities	618	22,774
Net cash generated from/(used in) financing activities	11,470	(9,108)
Net cash used in discontinued operations	(17,883)	(1,362)

(e) Net cash inflows from the disposal of interest in China Comfort as at the disposal date

	At 15 October 2020 $'000
Total cash consideration	359,412
Less: Professional costs directly attributable to disposal	(2,089)
Net proceeds from disposal	357,323
Less: Group's share of net assets of China Comfort and carrying amount in the consolidated financial statements	(331,637)
Gain on disposal of discontinued operation (Note 8(c))	25,686
Consideration received	359,412
Net cash inflows	357,323

9 Directors' emoluments

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

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

	Directors' fees $'000	Salaries, allowances and benefits in kind $'000	Pension scheme contributions $'000	2019 Total $'000
Chairman				
Mr. Shi Baodong	–	1,920	18	1,938
Executive directors				
Mr. Zhao Huining	–	–	–	–
Mr. Mo Yueming	–	–	–	–
Non-executive director				
Ms. Song Sining	–	–	–	–
Independent non-executive directors				
Mr. Dong Xiaojie	150	–	–	150
Mr. He Qi	150	–	–	150
Mr. Suei Feng-jih	150	–	–	150
	450	1,920	18	2,388

For the year ended 31 December 2020, Mr. Shi Baodong and Mr. Zhao Huining agreed to waive their director's remuneration of $20,000 and $1,294,000, respectively (2019: Mr. Shi Baodong and Mr. Zhao Huining agreed to waive their director's remuneration of $20,000 and $2,800,000, respectively).

10 Individuals with highest emoluments

Of the five individuals with the highest emoluments, one (2019: one) is director whose emolument is disclosed in Note 9. The aggregate of the emoluments in respect of the other four (2019: four) individuals are as follows:

	2020 $'000	2019 $'000
Salaries, allowances and benefits in kind	4,866	3,354
Pension scheme contributions	36	62
	4,902	3,416

The emoluments of the four (2019: four) individuals with the highest emoluments are within the following bands:

	2020 Number of individuals	2019 Number of individuals
$Nil – $1,000,000	2	3
$1,000,001 – $1,500,000	1	1
$1,500,001 – $2,000,000	1	–

11 Dividend

The board of directors of the Company does not recommend the payment of a final dividend for the year ended 31 December 2020 (2019: $Nil).

12 Earning/(Loss) per share

(a) Basic earning/(loss) per share

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

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

	2020 $'000	2019 $'000
Loss attributable to the equity owners of the Company	(23,559)	(34,097)
Distribution paid to the holders of perpetual convertible securities (Note 31)	–	(13,037)
Accrued distribution to the holders of perpetual convertible securities (Note 31)	(4,200)	(2,100)
Profit/(loss) for the purpose of calculating basic earning/(loss) per share	(27,759)	(49,234)

(ii) Weighted average number of ordinary shares

	2020 '000	2019 '000
Issued ordinary shares at 1 January	12,922,075	12,749,925
Effect of issuance of new shares (Note 30(b))	–	148,596
Weighted average number of ordinary shares at 31 December (basic)	12,922,075	12,898,521

(b) Diluted earning/(loss) per share

There were no dilutive potential ordinary shares outstanding for the years ended 31 December 2020 and 2019. The effect of the deemed conversion of the perpetual convertible securities was not included in the calculation of diluted earning/(loss) per share as they are anti-dilutive during the years ended 31 December 2020 and 2019.

13 Investment properties and other property, plant and equipment

(a) Reconciliation of carrying amount

	Buildings	Land and offices leased for own use carried at cost	Furniture and leasehold improvements	Machinery and equipment	Motor vehicles	Sub-total	Investment properties under development	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cost or valuation:								
At 1 January 2019	101,234	27,684	1,310	1,237	1,265	132,730	–	132,730
Additions	462	9,139	14	1,612	40	11,267	–	11,267
Transfer from inventories	–	–	–	–	–	–	131,897	131,897
Fair value adjustment	–	–	–	–	–	–	28,025	28,025
Exchange adjustments	(1,888)	(464)	(2)	(45)	(5)	(2,404)	(564)	(2,968)
At 31 December 2019	99,808	36,359	1,322	2,804	1,300	141,593	159,358	300,951
Representing:								
Cost	99,808	36,359	1,322	2,804	1,300	141,593	–	141,593
Valuation – 2019	–	–	–	–	–	–	159,358	159,358
	99,808	36,359	1,322	2,804	1,300	141,593	159,358	300,951
At 1 January 2020	**99,808**	**36,359**	**1,322**	**2,804**	**1,300**	**141,593**	**159,358**	**300,951**
Additions	**242**	**2,490**	**68**	**181**	**–**	**2,981**	**2,081**	**5,062**
Disposals	**–**	**(5,680)**	**(4)**	**–**	**–**	**(5,684)**	**–**	**(5,684)**
Reclassification to assets held for sale (Note (b)(iii))	**–**	**–**	**–**	**–**	**–**	**–**	**(30,932)**	**(30,932)**
Exchange adjustments	**6,031**	**1,770**	**21**	**243**	**16**	**8,081**	**8,896**	**16,977**
At 31 December 2020	**106,081**	**34,939**	**1,407**	**3,228**	**1,316**	**146,971**	**139,403**	**286,374**
Representing:								
Cost	**106,081**	**34,939**	**1,407**	**3,228**	**1,316**	**146,971**	**–**	**146,971**
Valuation – 2020	**–**	**–**	**–**	**–**	**–**	**–**	**139,403**	**139,403**
	106,081	**34,939**	**1,407**	**3,228**	**1,316**	**146,971**	**139,403**	**286,374**

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

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

	Buildings	Land and offices leased for own use carried at cost	Furniture and leasehold improvements	Machinery and equipment	Motor vehicles	Sub-total	Investment properties under development	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Accumulated amortisation and depreciation:								
At 1 January 2019	–	–	(242)	(433)	(795)	(1,470)	–	(1,470)
Charge for the year	(2,902)	(4,069)	(229)	(509)	(343)	(8,052)	–	(8,052)
Exchange adjustments	67	5	7	18	2	99	–	99
At 31 December 2019	(2,835)	(4,064)	(464)	(924)	(1,136)	(9,423)	–	(9,423)
At 1 January 2020	(2,835)	(4,064)	(464)	(924)	(1,136)	(9,423)	–	(9,423)
Charge for the year	(2,897)	(4,284)	(271)	(570)	(51)	(8,073)	–	(8,073)
Disposal	–	2,607	4	–	–	2,611	–	2,611
Exchange adjustments	(438)	(113)	(28)	(100)	(12)	(691)	–	(691)
At 31 December 2020	(6,170)	(5,854)	(759)	(1,594)	(1,199)	(15,576)	–	(15,576)
Net book value:								
At 31 December 2020	99,911	29,085	648	1,634	117	131,395	139,403	270,798
At 31 December 2019	96,973	32,295	858	1,880	164	132,170	159,358	291,528

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

(b) Fair value measurement of properties

(i) Fair value hierarchy

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

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

- Level 3 valuations: Fair value measured using significant unobservable inputs

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

	Fair value at 31 December 2019	Fair value measurements as at 31 December 2019 categorised into		
		Level 1	Level 2	Level 3
	$'000	$'000	$'000	$'000
Recurring fair value measurement				
Investment properties under development:				
Residential – Mainland China	130,506	–	130,506	–
Residential – New Zealand	28,852	–	28,852	–

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

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

(i) Fair value hierarchy (continued)

During the year ended 31 December 2020, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2019: $Nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

All of the Group's investment properties, representing lands under development, were revalued as at 31 December 2020. The valuations were carried out by independent firms of surveyors, Vincorn Consulting and Appraisal Limited and Bayleys Valuations Limited for lands under development located in the Mainland China and New Zealand, who have among their staff Fellows of the Hong Kong Institute of Surveyors and members of the Property Institute of New Zealand, respectively, and have recent experience in the location and category of property being valued. The Group's property development manager and the senior management have discussion with the surveyors on the valuation assumptions and valuation results when the valuation is performed at the annual reporting date.

(ii) Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of lands under development located in Mainland China and New Zealand is determined using market comparison approach by reference to recent market transactions of comparable lands on a price per square meter or per hectare basis using market data which is publicly available.

(iii) Reclassification of investment properties to assets held for sale

In December 2020, the Group entered into an agreement with a third party to sell lands located in New Zealand, representing investment properties under development for long-term lease business and land held for property development for sale. Accordingly, investment properties at the amount of $30,932,000 have been reclassified to assets held for sale (see Note 22(a)).

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

(c) Right-of-use assets

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

	Notes	31 December 2020 $'000	1 January 2020 $'000
Land leased for own use, carried at depreciated cost, with lease term of 40 years	(i)	27,503	26,542
Offices leased for own use, carried at depreciated cost	(ii)	1,582	5,753
		29,085	32,295

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

	2020 $'000	2019 $'000
Depreciation charge of right-of-use assets by class of underlying asset:		
– Land leased for own use	688	683
– Offices leased for own use	3,596	3,386
	4,284	4,069
Interest on lease liabilities (Note 6(a))	156	223
Expenses relating to short-term leases	960	1,560

During the year, additions to right-of-use assets were $2,490,000. This amount primarily related to the capitalised lease payments payable under new tenancy agreements. The disposal of right-of-use assets at the carrying amount of $3,073,000 related to the termination of certain office lease contracts.

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in Notes 21(c) and 27, respectively.

(i) Land leased for own use

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

(ii) Offices leased for own use

The Group leases offices under leases expiring in 2 years. None of the leases includes variable lease payments.

14 Intangible assets

	Securities licence $'000	Travel licences and others $'000	Software $'000	Total $'000
Cost:				
At 1 January 2019	16,388	1,641	106	18,135
Additions	–	–	19	19
Addition through acquisition of a subsidiary	–	6,098	–	6,098
Disposal of discontinued operation	(16,388)	–	–	(16,388)
Exchange adjustments	–	(19)	(2)	(21)
At 31 December 2019 and 1 January 2020	–	7,720	123	7,843
Exchange adjustments	–	526	8	534
At 31 December 2020	–	8,246	131	8,377
Accumulated amortisation:				
At 1 January 2019	–	–	(7)	(7)
Charge for the year	–	–	(24)	(24)
Exchange adjustments	–	–	1	1
At 31 December 2019 and 1 January 2020	–	–	(30)	(30)
Charge for the year	–	(4,008)	(36)	(4,044)
Exchange adjustments	–	(244)	(4)	(248)
At 31 December 2020	–	(4,252)	(70)	(4,322)
Carrying amount:				
At 31 December 2020	–	3,994	61	4,055
At 31 December 2019	–	7,720	93	7,813

At 31 December 2020, intangible assets mainly represent the outboard travel licences held by the Group in carrying out outboard travel business. Management assessed that the economic useful lives of the licences to be indefinite.

15 Goodwill

	$'000
Cost:	
At 1 January 2019	**12,994**
Addition through acquisition of a subsidiary	**2,562**
Exchange reserve	**(258)**
At 31 December 2019 and 1 January 2020	**15,298**
Exchange reserve	**1,042**
At 31 December 2020	**16,340**
Accumulated impairment losses:	
At 1 January 2019, 31 December 2019 and 1 January 2020	**–**
Impairment loss	**(15,404)**
Exchange reserve	**(936)**
At 31 December 2020	**(16,340)**
Carrying amount:	
At 31 December 2020	**–**
At 31 December 2019	15,298

Note:

During the year ended 31 December 2018, the Group entered into a sale and purchase agreement with three individual vendors to acquire 55% equity interest in Hebei Tu Men Travel Development Limited ("Tu Men Travel"). Goodwill amounting to $12,994,000 was recognised on the acquisition of Tu Men Travel and has been allocated to the business of Tu Men Travel which has been identified by management of the Group as a CGU. The recoverable amount of this CGU to which the goodwill is allocated is determined based on value-in-use calculation. The calculation uses cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using an estimated weighted average growth rate of 1% (2019: 3%) which is consistent with the forecasts included in industry reports. The cash flows are discounted using a discount rate of 27% (2019: 21%). The discount rate used is pre-tax and reflect specific risks relating to the business.

During the year ended 31 December 2019, the Group acquired of 51% equity interest in Beijing Jinlv Shidai Tourism Co., Limited ("Jinlv Shidai"). Goodwill amounting to $2,562,000 was recognised and has been allocated to the business of Jinlv Shidai which has been identified by management of the Group as a CGU. The recoverable amount of this CGU to which the goodwill is allocated is determined based on value-in-use calculation. The calculation uses cash flow projections based on financial budgets approved by management covering a five-year period.

During the year ended 31 December 2020, both Tu Men Travel and Jinlv Shidai have been loss-making for the impact of COVID-19 pandemic (the "Pandemic") over travel industry. The Group assessed the recoverable amounts of the CGU related to Tu Men Travel and Jinlv Shidai to be $74,850,000 and $3,506,000, respectively. As a result, full impairment loss of $15,404,000 relating to Tu Men Travel and Jinlv Shidai is recognised in "other expenses".

(Expressed in HK$ unless otherwise indicated)

16 Investments in subsidiaries

The following list only contains the particulars of the subsidiaries at 31 December 2020 which principally affected the results, assets or liabilities of the Group.

Name of company	Place of incorporation/ establishment	Particulars of issued/registered and paid-up capital	Proportion of ownership interest: The Group's effective interest	Proportion of ownership interest: Held by the Company	Proportion of ownership interest: Held by a subsidiary	Principal activities
1 Miller Rise Development Ltd.	New Zealand	New Zealand Dollar ("NZD") 100	100%	–	100%	Property development
173 Millwater Parkway Investment Ltd.	New Zealand	NZD100	100%	–	100%	Property development
Shenzhen Dongsheng Huamei Cultural Travel Company Limited (深圳東勝華美文化旅游有限公司) (Note (ii))	Mainland China	Note (iv)	100%	–	100%	Investment holding
Four Seas Tours Limited ("Four Seas Tours")	Hong Kong	3,000,000 shares	65%	–	65%	Sale of air tickets and provision of other travel related services
Hong Kong Orient Victory China Cultural & Tourism Industrial Development Limited ("HK Cultural & Tourism")	Hong Kong	500,000 shares	51%	–	51%	Tourism business
Tu Men Travel (河北土門旅遊開發有限公司) (Note (iii))	Mainland China	Note (v)	55%	–	55%	Tourism business
Dongsheng (Beijing) International Travel Co., Limited ("Dongsheng Beijing") (東勝(北京)國際旅行社有限公司) (Note (ii))	Mainland China	Note (vi)	100%	–	100%	Tourism business
Jinlv Shidai (北京金旅時代旅行社有限公司) (Note (iii))	Mainland China	Note (vii)	51%	–	51%	Tourism business
Hebei Yidao Town Real Estate Development Limited ("Yidao Town Real Estate") (河北驛道小鎮房地產開發有限公司) (Note (iii))	Mainland China	Note (viii)	75%	–	75%	Tourism business and property development
Zhangjiakou Dakun Zhifang Real Estate Development Co., Limited ("Dakun Zhifang") (張家口大坤直方房地產開發有限公司) (Notes (i), (iii))	Mainland China	RMB5,000,000	40%	–	40%	Property development

16 Investments in subsidiaries *(continued)*

Notes:

(i) The Group has the power to control the entity through the entity's articles of association which authorise the Group to appoint the majority of the board of directors.

(ii) The English translation of the name is for reference only. The official name of the entity is in Chinese. The entity is a limited liability company and wholly domestic owned enterprise registered as under PRC law.

(iii) The English translation of the name is for reference only. The official name of the entity is in Chinese. The entity is a limited liability company and local joint venture registered as under PRC law.

(iv) The registered capital of this entity is RMB450,000,000. As of 31 December 2020, the registered capital has not been paid up.

(v) The registered capital of this entity is RMB66,486,000. As of 31 December 2020, the registered capital has not been fully paid up.

(vi) The registered capital of this entity is RMB10,000,000. As of 31 December 2020, the registered capital has not been paid up.

(vii) The registered capital of this entity is RMB5,000,000. As of 31 December 2020, the registered capital has not been paid up.

(viii) The registered capital of this entity is RMB120,000,000. As of 31 December 2020, the registered capital has not been paid up.

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

	2020	2019
Percentage of equity interest held by non-controlling interests:		
Continuing operations		
– Tu Men Travel	**45%**	45%
– Dakun Zhifang	**60%**	60%

	2020 **$'000**	2019 $'000
(Loss)/profit for the year allocated to non-controlling interests:		
Continuing operations		
– Tu Men Travel	**(1,183)**	95
– Dakun Zhifang	**(10,802)**	11,235

	2020 **$'000**	2019 $'000
Accumulated balances of non-controlling interests at the reporting period:		
Continuing operations		
– Tu Men Travel	**33,462**	32,740
– Dakun Zhifang	**45,038**	54,694

16 Investments in subsidiaries *(continued)*

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

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

	Continuing Operations			
	Tu Men Travel		Dakun Zhifang	
	2020	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000
Revenue	**30,886**	50,779	**–**	–
Valuation gains on investment properties	**–**	–	**–**	31,802
Cost of sales and services	**(24,662)**	(41,206)	**–**	–
Operating expenses	**(8,853)**	(9,362)	**(18,003)**	(13,077)
(Loss)/profit for the year	**(2,629)**	211	**(18,003)**	18,725
Non-current assets	**129,401**	125,500	**139,414**	130,520
Current assets	**6,466**	11,699	**248,798**	248,901
Current liabilities	**(57,831)**	(60,767)	**(304,792)**	(171,055)
Non-current liabilities	**(3,676)**	(3,676)	**(8,357)**	(117,210)
Net assets	**74,360**	72,756	**75,063**	91,156

17 Inventories

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

	2020	2019
	$'000	$'000
Raw materials	**355**	310
Property development		
– Properties under development for sale	**–**	38,293
– Land held for future development for sale	**214,265**	154,759
	214,620	193,362

The amount of land held for future development expected to be recovered after more than one year is $214,265,000 (2019: $154,759,000). All of the other inventories are expected to be recovered within one year.

17 Inventories *(continued)*

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

	2020 $'000	2019 $'000
Carrying amount of inventories sold	82,832	311,294

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

	2020 $'000	2019 $'000
In New Zealand:		
– 50 years or more (long-term leases)	–	13,535
In Mainland China, with lease term of:		
– 40 years (medium-term leases)	111,921	41,288
– 70 years (long-term leases)	102,344	99,936
	214,265	154,759

18 Trade receivables

	2020 $'000	2019 $'000
Trade receivables	27,115	55,338
Less: loss allowance	(7,379)	(1,463)
	19,736	53,875

Ageing analysis

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

	2020 $'000	2019 $'000
Within 90 days	18,298	52,040
91 to 180 days	1,373	1,306
181 to 365 days	65	170
Over 365 days	–	359
	19,736	53,875

Trade receivables are due within 14 to 90 days (2019: 14 to 90 days) from the date of billing. Further details on the Group's credit policy and credit risk arising from trade receivables are set out in Note 35(a).

19 Prepayments, deposits and other receivables

	2020 $'000	2019 $'000
Loan to an associate (Note 8(a))	–	36,074
Amounts due from related parties	710	–
Interest receivable	–	116
Deposits	14,550	5,585
Other receivables	3,910	5,249
Financial assets measured at amortised cost	19,170	47,024
Prepayments for other operating expenses	9,052	18,634
Prepayments for investments (Note (ii))	81,497	–
Prepayments for development of tourism attraction projects	–	34,883
Prepayments for land use right	–	61,664
	90,549	115,181
	109,719	162,205

Notes:

(i) All of the prepayments, deposits and other receivables are expected to be recoverable or recognised as expenses within one year.

(ii) During the year ended 31 December 2020, the Group prepaid RMB33,900,000 (equivalent to approximately HK$40,391,000) and RMB34,500,000 (equivalent to approximately HK$41,106,000) refundable prepayments for two projects under the requirement of respective investment agreements. The projects are relating to development of properties for sale and leases, and development of tourism attractions in Hebei Province.

20 Restricted bank deposits

	2020 $'000	2019 $'000
Restricted deposit for holding travel licences	2,239	3,123

21 Cash and cash equivalents and other cash flow information

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

	2020 $'000	2019 $'000
Cash at bank and on hand	179,309	115,436
Time deposits with original maturity of less than 3 months	–	2,371
	179,309	117,807

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

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

(b) Reconciliation of liabilities arising from financing activities

	Bank loans and other borrowings $'000 (Note (i))	Amounts due to related parties $'000 (Note 25)	Interest payable $'000	Distributions payable $'000 (Note 31)	Lease liabilities $'000 (Note 27)	Total $'000
At 1 January 2019	13,226	51,004	–	–	–	64,230
Changes from financing cash flows:						
Proceeds from bank and other borrowings	20,673	–	–	–	–	20,673
Repayment of bank and other borrowings	(16,171)	–	–	–	–	(16,171)
Advances from related parties	–	75,456	–	–	–	75,456
Capital element of lease rentals paid	–	–	–	–	(3,314)	(3,314)
Interest element of lease rentals paid	–	–	–	–	(223)	(223)
Interest paid	–	–	(587)	–	–	(587)
Distributions paid to holders of perpetual convertible securities	–	–	–	(13,037)	–	(13,037)
Total changes from financing cash flows	4,502	75,456	(587)	(13,037)	(3,537)	62,797
Other changes:						
Increase in other borrowings through acquisition of a subsidiary	105,585	–	–	–	–	105,585
Increase in lease liabilities from entering into new leases during the period	–	–	–	–	9,139	9,139
Distributions declared (Note 31)	–	–	–	13,037	–	13,037
Interest expense (Note 6(a))	3,802	–	587	–	223	4,612
Exchange adjustments	207	(989)	–	–	–	(782)
Total other changes	109,594	(989)	587	13,037	9,362	131,591
At 31 December 2019	127,322	125,471	–	–	5,825	258,618
Changes from financing cash flows:						
Repayment of bank and other borrowings	(137,089)	–	–	–	–	(137,089)
Repayment to related parties	–	(126,181)	–	–	–	(126,181)
Capital element of lease rentals paid	–	–	–	–	(3,030)	(3,030)
Interest element of lease rentals paid	–	–	–	–	(156)	(156)
Interest paid	–	–	(171)	–	–	(171)
Total changes from financing cash flows	(137,089)	(126,181)	(171)	–	(3,186)	(266,627)
Other changes:						
Net decrease in lease liabilities from termination of certain leases during the period	–	–	–	–	(620)	(620)
Finance costs (Note 6(a))	9,642	–	171	–	156	9,969
Exchange adjustments	125	710	–	–	–	835
Total other changes	9,767	710	171	–	(464)	10,184
At 31 December 2020	**–**	**–**	**–**	**–**	**2,175**	**2,175**

Note:

(i) Bank loans and other borrowings consist of bank loans and loans from non-controlling shareholders of a subsidiary as disclosed in Note 26.

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

(c) Total cash outflow for leases

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

	2020 $'000	2019 $'000
Within operating cash flows	(960)	(1,560)
Within financing cash flows	(3,186)	(3,537)
	(4,146)	(5,097)

These amounts relate to the following:

	2020 $'000	2019 $'000
Lease rentals paid	(4,146)	(5,097)

22 Assets held for sale

As disclosed in Note 13(b)(iii), during the year ended 31 December 2020, the Group management committed to sell lands under development located in New Zealand within the integrated development segment. Accordingly, the related investment properties and inventories under development are presented as a disposal group held for sale. Efforts to sell the lands have started and the sale is expected to be completed by May 2021.

(a) Assets of disposal group held for sale

	2020 $'000
Investment properties	32,389
Inventories	14,456
Deferred tax assets	693
	47,538

(b) Fair value changes relating to the disposal group

The net changes in fair value of investment properties under development recorded in the consolidated statement of profit or loss for the year ended 31 December 2020 amounted to HK$1,457,000. The related effect on deferred tax assets amounted to HK$450,000. Measurement of fair value of the investment properties has been disclosed in Note 13(b).

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

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

23 Trade payables

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

	2020 $'000	2019 $'000
Within 90 days	24,436	39,742
91 to 180 days	1,051	65
181 to 365 days	1,323	531
	26,810	40,338

Included in trade payables are payables of $4,697,000 (2019: $22,236,000) due to a non-controlling equity 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.

24 Contract liabilities

	2020 $'000	2019 $'000
Receipts in advance from customers	9,555	15,229

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

25 Other payables and accruals

	2020 $'000	2019 $'000
Payable for acquisition of Tu Men Travel	37,695	40,867
Payables for acquisition and construction of property, plant and equipment and land	21,885	39,504
Deposits	12,429	10,507
Payables to air tickets customers	6,894	7,214
Amounts due to related parties	–	125,471
Accrued legal and professional fees	1,352	4,113
Amounts due to non-controlling shareholders of subsidiaries	163	16,322
Other accruals and payables	12,142	34,179
	92,560	278,177

The amounts due to related parties and non-controlling shareholders of subsidiaries are unsecured, non-interest bearing and are repayable on demand. All of the other payables and accruals are expected to be settled within one year or are repayable on demand.

26 Borrowings

The analysis of the Group's borrowings is as follows:

	2020 $'000	2019 $'000
Short-term		
– Bank loans	–	17,935
Long-term		
– Other borrowings from non-controlling shareholders of a subsidiary	–	109,387

Note: On 22 October 2018, pursuant to an agreement entered into between the Group and other equity holders of Dakun Zhifang, other equity holders have provided interest-free long-term loans in an aggregate amount of RMB106,650,000 (equivalent to approximately $121,431,000) to Dakun Zhifang, which are repayable on 21 October 2021. During the year ended 31 December 2020, Dakun Zhifang has repaid those loans in full amount.

27 Lease liabilities

At 31 December 2020, the lease liabilities were repayable as follows:

	2020 $'000	2019 $'000
Within 1 year	1,740	3,918
After 1 year but within 2 years	435	1,298
After 2 years but within 5 years	–	609
	2,175	5,825

(Expressed in HK$ unless otherwise indicated)

28 Equity settled share-based transactions

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

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

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

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

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

During the year ended 31 December 2020, share-based payment expense of $148,000 was recognised in administrative expenses of the Company (2019: $174,000). During the year ended 31 December 2020, there are 6,690,000 Placing Shares and Awarded Shares forfeited for resignation of certain employees (2019: nil). At 31 December 2020, there are 7,120,000 Placing Shares and Awarded Shares outstanding (2019: 13,810,000).

29 Income tax in the consolidated statement of financial position

(a) Deferred tax assets and liabilities recognised

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

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

	Tax losses $'000	Fair value adjustment on non-current assets upon the acquisition of subsidiaries $'000	Revaluation of investment property $'000	Total $'000
At 1 January 2019	–	6,790	–	6,790
Addition through acquisitions of subsidiaries	–	1,525	–	1,525
(Credited)/charged to profit or loss	(1,335)	–	6,893	5,558
Disposal of discontinued operation	–	(2,704)	–	(2,704)
Exchange adjustments	12	(5)	(143)	(136)
At 31 December 2019 and 1 January 2020	(1,323)	5,606	6,750	11,033
Credited to profit or loss	(902)	(613)	–	(1,515)
Reclassification to assets held for sale (Note 22(a))	–	(450)	1,143	693
Exchange adjustments	(148)	132	463	447
At 31 December 2020	(2,373)	4,675	8,356	10,658

(ii) Reconciliation to the consolidated statement of financial position

	2020 $'000	2019 $'000
Net deferred tax asset recognised in the consolidated statement of financial position	(2,373)	(2,396)
Net deferred tax liability recognised in the consolidated statement of financial position	13,031	13,429
	10,658	11,033

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

(b) Deferred tax assets not recognised

In accordance with the accounting policy set out in Note 2(t), the Group has not recognised deferred tax assets in respect of cumulative tax losses of approximately $20,271,000 (2019: $15,916,000), $86,900,000 (2019: $35,508,000) and $Nil (2019: $1,692,000) related to the Group's subsidiaries in Hong Kong, Mainland China and New Zealand respectively, as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and the entity. The tax losses from operations in Hong Kong do not expire under current tax legislation, and the tax losses from operations in Mainland China will expire in five years from the year in which they arose.

30 Capital and reserves

(a) Movements in components of equity

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

	Notes	Share capital $'000 Note 30(b)	Share premium $'000 Note 30(c)	Perpetual convertible securities $'000 Note 31	Accumulated losses $'000	Total $'000
Balance at 1 January 2019		63,750	611,206	396,274	(353,842)	717,388
Changes in equity for 2019:						
Loss and total comprehensive income for the year		–	–	–	(29,016)	(29,016)
Issuance of new shares	30(b)	860	23,850	–	–	24,710
Equity-settled share-based transactions	28	–	174	–	–	174
Distributions to holders of perpetual convertible securities	31	–	–	–	(13,037)	(13,037)
Redemption of perpetual convertible securities	31	–	–	(100,000)	–	(100,000)
Balance at 31 December 2019 and 1 January 2020		**64,610**	**635,230**	**296,274**	**(395,895)**	**600,219**
Changes in equity for 2020:						
Loss and total comprehensive income for the year		–	–	–	**7,424**	**7,424**
Equity-settled share-based transactions	28	–	**148**	–	–	**148**
Balance at 31 December 2020		**64,610**	**635,378**	**296,274**	**(388,471)**	**607,791**

30 Capital and reserves *(continued)*

(b) Share capital

	2020		2019	
	Number of ordinary shares '000	$'000	Number of ordinary shares '000	$'000
Authorised:				
Ordinary share at $0.005 each	20,000,000	100,000	20,000,000	100,000
Issued and fully paid:				
At 1 January	12,922,075	64,610	12,749,925	63,750
Issuance of new shares (Note)	–	–	172,150	860
At 31 December	12,922,075	64,610	12,922,075	64,610

Note: Pursuant to two subscription agreements entered into on 25 January 2019 and 6 June 2019 between the Company and OVRE, a controlling shareholder of the Company, 156,460,000 and 15,690,000 new ordinary shares of the Company were issued to OVRE at $0.145 per share and $0.129 per share respectively. The transactions were completed on 8 February 2019 and 19 June 2019 respectively, resulting in an aggregate proceed of $24,710,000, of which $860,000 was credited to share capital and the remaining $23,850,000 was credited to the share premium account.

(c) Share premium

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

(d) Exchange reserve

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

(e) Capital management

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

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

31 Perpetual convertible securities

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

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

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

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

At 31 December 2020 and 2019, there are 2,066,942,901 units of the 2016 October PCS in an aggregate principal amount of $264,569,000 outstanding.

On 20 May 2019, 183,958,793 units of the 2016 March PCS have been redeemed by the Company at the total amount of $100,000,000. At 31 December 2020 and 2019, there are 128,771,155 units of the 2016 March PCS in an aggregate principal amount of $70,000,000 outstanding.

In March and April 2019, the Company has paid distributions in an aggregated amount of $13,037,000 to holders of the PCS.

On 9 September 2019, the Company announced to cancel the distribution of $7,950,000 to the holders of the 2016 October PCS, which had been scheduled to be made on 24 October 2019 at the distribution rate of 6% per annum. On 9 March 2020 and 9 September 2020, the Company announced to cancel the distribution to the holders of the 2016 October PCS, which were originally scheduled to be made on 24 April 2020 and 24 October 2020 at the distribution rate of 6% per annum.

In respect of the distribution of $2,100,000 to the holder of 2016 March PCS, the Company has postponed such distribution, which was originally scheduled to be made on 30 September 2019 at the distribution rate of 6% per annum. In respect of the distribution of $4,200,000 to the holder of 2016 March PCS, the Company has postponed such distribution, which were originally scheduled to be made on 30 March 2020 and 30 September 2020 at the distribution rate of 6% per annum.

32 Capital commitments

As at 31 December 2020, the Group had capital commitments relating to the investments in equity securities and developments of investment properties of approximately $419,646,000 in aggregate (2019: $536,388,000).

33 Material related party transactions

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in Note 9 and certain of the highest paid employees as disclosed in Note 10, is as follows:

	2020 $'000	2019 $'000
Short-term employee benefits	8,069	5,724
Post-employment benefits	60	80
	8,129	5,804

(b) Other related party transactions

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

	Notes	2020 $'000	2019 $'000
Transactions with companies controlled by the ultimate controlling shareholder of the Company:			
(Repayment of borrowings to)/borrowings obtained from related parties	(i)	–	(13,226)
(Decrease)/increase in advances from related parties	(i)	(126,181)	74,467
Marketing, event planning and consulting services	(ii)	33,633	9,534
Other service income	(i)	965	8,623
Transactions with non-controlling shareholders of subsidiaries:			
Purchase of air tickets	(ii)	24,512	194,765
Management service fee	(ii)	250	240
Net proceeds from air tickets and travel related services sold	(i)	9	97
Interest-free loan (repaid to)/obtained from a non-controlling shareholder of Dakun Zhifang	(i)	(79,857)	72,925
Finance costs in connection with interest-free loan from a non-controlling shareholder of Dakun Zhifang	(i)	6,428	2,535
Transactions with associates:			
Loans repaid by China Comfort	(i)	(36,323)	–
Finance income in connection with interest-free loans to an associate	(i)	–	826
Travel related service income		–	3,161

Notes:

(i) These related party transactions constitute exempted connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

(ii) These related party transactions constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

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

(iv) As disclosed in Note 8, during the year ended 31 December 2019, the Group disposed of its 100% equity interest in the OVIF Group to the controlling shareholder of the Company, Mr. Shi Baodong. The transaction constitutes a connected transaction as defined under Chapter 14A of the Listing Rules.

34 Company-level statement of financial position

	Notes	2020 $'000	2019 $'000
Non-current assets			
Property, plant and equipment		1,582	212
Investments in subsidiaries	16	–	–
		1,582	212
Current assets			
Prepayments, deposits and other receivables		1,377	1,199
Amounts due from subsidiaries		694,285	687,547
Cash and cash equivalents		12,278	6,861
		707,940	695,607
Current liabilities			
Other payables and accruals		5,395	7,128
Amounts due to subsidiaries		94,748	73,232
Amounts due to related parties		–	15,094
Lease liabilities		1,168	146
		101,311	95,600
Net current assets		606,629	600,007
Total assets less current liabilities		608,211	600,219
Non-current liabilities			
Lease liabilities		420	–
NET ASSETS		607,791	600,219
CAPITAL AND RESERVES	30		
Share capital		64,610	64,610
Perpetual convertible securities	31	296,274	296,274
Reserves		246,907	239,335
TOTAL EQUITY		607,791	600,219

Approved and authorised for issue by the board of directors on 31 March 2021.

Shi Baodong
Chairman

Mo Yueming
Director

35 Financial risk management and fair values of financial instruments

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

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

(a) Credit risk

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

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

The Group has established a credit risk management policy under which individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 14 to 90 days from the date of billing. Normally, the Group does not obtain collateral from customers.

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

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

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

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

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

(a) Credit risk *(continued)*

	2019		
	Expected loss rate	Gross carrying amount	Loss allowance
	%	$'000	$'000
Current (not past due)	0.50%	41,993	(212)
1–90 days past due	0.61%	11,469	(70)
91–180 days past due	1.00%	201	(2)
181–365 days past due	1.32%	151	(2)
365–730 days past due	77.23%	1,524	(1,177)
		55,338	(1,463)

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

The COVID-19 pandemic impacts the procurement willingness and payment abilities of certain small and medium-sized customers, mainly travel agents, and as a result, leads to lower turnover rate and more actual loss of trade receivables. Such impact has been reflected in the consolidated financial statements as at 31 December 2020.

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

	2020	2019
	$'000	$'000
Balance at 1 January	**1,463**	152
Impairment losses recognised during the year	**5,916**	1,327
Decrease through disposal of discontinued operation	**–**	(16)
Balance at 31 December	**7,379**	1,463

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

(b) Liquidity risk

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

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

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

	2019				
	Contractual undiscounted cash outflow				
	Within 1 year or on demand $'000	More than 1 year but less than 2 years $'000	More than 2 years but less than 5 years $'000	Total $'000	Carrying amount at 31 December $'000
Trade payables	40,338	–	–	40,338	40,338
Financial liabilities included in other payables and accruals	278,177	–	–	278,177	278,177
Lease liabilities	4,100	1,353	620	6,073	5,825
Short-term borrowings	18,326	–	–	18,326	17,935
Long-term borrowings	–	118,795	–	118,795	109,387
Provisions	994	1,181	4,381	6,556	4,443
	341,935	121,329	5,001	468,265	456,105

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

(c) Interest rate risk

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

(d) Currency risk

The Group operates in Hong Kong, Mainland China and New Zealand and is exposed to currency risk primarily through sales and purchases which give rise to receivables, payables, cash and deposit balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The Group has certain investments in Mainland China and New Zealand, whose net assets are exposed to translation risk. As at 31 December 2020, the Group only held certain cash and cash equivalents in RMB, NZD and United States dollars, and the currency risk is not material.

36 Non-adjusting events after the reporting period

(a) Distribution to holders of the 2016 October PCS

On 8 March 2021, the Company announced to cancel the distribution to holders of the 2016 October PCS, which was originally scheduled to be made on 24 April 2021 at the distribution rate of 6% per annum.

(b) Acquisition of Shijiazhuang Dongsheng Property Management Services Company Limited

On 8 February 2021, the Group and Heng Sheng Xin Ye (Beijing) Asset Management Company Limited entered into an equity transfer agreement to conditionally acquire 100% equity interest in Shijiazhuang Dongsheng Property Management Services Company Limited (the "Target Company") at a cash consideration of RMB7,500,000 (equivalent to approximately $8,936,000). Upon completion of the transaction (which is expected to be taken place in the second quarter of 2021), the Target Company will become a wholly-owned subsidiary of the Company.

(c) Impact of the Pandemic

The Pandemic has brought additional uncertainty to the Group's operating environment and has impacted the Group's operations and financial position. The Group has been closely monitoring the impact of the Pandemic to the Group's businesses and has put in place contingency measures, including but not limited to, negotiating with suppliers, service providers and customers to postpone selling tourism-related products and services, implementing cost containment plans, continuously monitoring and strengthening the collection of receivables, facilitating businesses other than tourism-related businesses that are less affected by the Pandemic, monitoring the Group's cash flows, promptly resuming the tourist attraction and cultural spot business in a safe and adequate manner, and exploring new income stream since late July 2020.

It is expected that the Group's diversified tourism products and services businesses and tourist attraction and cultural spot business will continue to be affected by the Pandemic in 2021. Given the full recovery time for global tourism industry is highly uncertain, the Group will continue to take measures, including but not limited to, controlling its operating costs, monitoring its cash flows, paying close attention to the development of the Pandemic to its operations and continuously assessing its impact to the Group's financial statements, prudently facilitating and seeking other business opportunities and adequately adjusting its business plans, to protect the Group's benefits and interests in this challenging business environment and be well prepared for the business opportunities.

(Expressed in HK$ unless otherwise indicated)

37 Comparative figures

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

38 Immediate and ultimate controlling party

At 31 December 2020, the directors of the Company consider the immediate parent and ultimate controlling party of the Group to be OVRE, which is incorporated in the BVI, and Mr. Shi Baodong, respectively. OVRE does not produce financial statements available for public use.

39 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2020

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, and a new standard, HKFRS 17, Insurance contracts, which are not yet effective for the year ended 31 December 2020 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKFRS 3, *Reference to the Conceptual Framework*	1 January 2022
Amendments to HKAS 16, *Property, Plant and Equipment: Proceeds before Intended Use*	1 January 2022
Amendments to HKAS 37, *Onerous Contracts–Cost of Fulfilling a Contract*	1 January 2022
Annual Improvements to HKFRSs 2018–2020 Cycle	1 January 2022

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

FIVE YEARS FINANCIAL SUMMARY

31 December 2020
(Expressed in HK$)

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

RESULTS

For the year ended 31 December

	2020 $'000	2019 $'000 (restated)	2018 $'000 (restated)	2017 $'000 (restated)	2016 $'000
Continuing operations:					
Revenue	**208,286**	475,999	248,342	238,030	109,417
Loss before taxation	**(57,682)**	(7,617)	(57,060)	(52,867)	(194,065)
Income tax	**1,326**	(5,558)	–	(36)	–
Loss for the year	**(56,356)**	(13,175)	(57,060)	(52,903)	(194,065)
Discontinued operations:					
Profit/(loss) for the year	**11,430**	(10,807)	(833)	(3,128)	–
Loss for the year	**(44,926)**	(23,982)	(57,893)	(56,031)	(194,065)
Attributable to:					
Equity owners of the Company					
Continuing operations	**(34,989)**	(23,290)	(55,564)	(45,106)	(191,816)
Discontinued operations	**11,430**	(10,807)	(514)	(1,740)	–
	(23,559)	(34,097)	(56,078)	(46,846)	(191,816)
Non-controlling interests					
Continuing operations	**(21,367)**	10,115	(1,496)	(7,797)	(2,249)
Discontinued operations	**–**	–	(319)	(1,388)	–
	(21,367)	10,115	(1,815)	(9,185)	(2,249)
Loss for the year	**(44,926)**	(23,982)	(57,893)	(56,031)	(194,065)

ASSETS AND LIABILITIES

As at 31 December

	2020 $'000	2019 $'000	2018 $'000	2017 $'000	2016 $'000
Total assets	**850,387**	1,190,925	1,002,609	926,022	823,178
Total liabilities	**(147,834)**	(484,763)	(218,149)	(67,698)	(80,825)
Net assets	**702,553**	706,162	784,460	858,324	742,353
Attributable to:					
Equity owners of the Company	**624,820**	606,591	743,600	851,772	738,537
Non-controlling interests	**77,733**	99,571	40,860	6,552	3,816
Total equity	**702,553**	706,162	784,460	858,324	742,353