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YING HAI GROUP HOLDINGS COMPANY LIMITED

瀛海集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8668)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

*This announcement, for which the directors (collectively the “**Directors**” or individually a “**Director**”) of Ying Hai Group Holdings Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”, “**we**”, “**our**” or “**us**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

FINANCIAL HIGHLIGHTS

- Revenue increased significantly by approximately HK\$85.4 million or 918.3% from approximately HK\$9.3 million for the year ended 31 December 2022 to approximately HK\$94.7 million for the year ended 31 December 2023.

- The Group recorded gross profit of approximately HK\$13.3 million for the year ended 31 December 2023, as compared to gross loss of approximately HK\$1.0 million for the year ended 31 December 2022.

- Loss for the year decreased significantly by approximately HK\$9.6 million or 79.3% from approximately HK\$12.1 million for the year ended 31 December 2022 to approximately HK\$2.5 million for the year ended 31 December 2023.

- Basic loss per share attributable to owners of the Company was approximately HK0.21 cents for the year ended 31 December 2023 (2022: approximately HK1.01 cents).

- The Board has resolved not to recommend the payment of a final dividend for the year ended 31 December 2023 (2022: nil).

ANNUAL RESULTS

The board (the “**Board**”) of Directors of the Company is pleased to announce the consolidated annual results of the Group for the year ended 31 December 2023, together with the comparative audited figures for the year ended 31 December 2022 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

| | <i>Notes</i> | 2023 HK\$’000 | 2022 HK\$’000 |
|--|--------------|--------------------------------|-------------------------|
| Revenue | 4 | 94,709 | 9,253 |
| Cost of sales | | <u>(81,411)</u> | <u>(10,205)</u> |
| Gross profit/(loss) | | 13,298 | (952) |
| Other income, gains and losses, net | | 793 | 3,803 |
| Administrative expenses | | (15,417) | (13,920) |
| Impairment loss recognised under expected credit losses model, net | | (1,451) | (155) |
| Impairment loss recognised in respect of right-of-use assets | | — | (556) |
| Impairment loss recognised in respect of property, plant and equipment | | — | (2) |
| Loss from operations | | (2,777) | (11,782) |
| Share of result of associate | | 471 | 55 |
| Finance costs | | <u>(240)</u> | <u>(353)</u> |
| Loss before tax | 6 | (2,546) | (12,080) |
| Income tax expense | 7 | — | — |
| Loss for the year | | <u>(2,546)</u> | <u>(12,080)</u> |
| Other comprehensive income/(loss) | | | |
| <i>Items that may be reclassified subsequently to profit or loss:</i> | | | |
| Exchange differences on translation of financial statements of foreign operations: | | <u>97</u> | <u>(64)</u> |
| | | <u>97</u> | <u>(64)</u> |
| Total comprehensive loss for the year | | <u>(2,449)</u> | <u>(12,144)</u> |
| Loss for the year attributable to owner of the Company | | <u>(2,546)</u> | <u>(12,080)</u> |
| Total comprehensive loss for the year attributable to owner of the Company | | <u>(2,449)</u> | <u>(12,144)</u> |
| Loss per share | | | |
| Basic and diluted | 8 | <u>(0.21) cents</u> | <u>(1.01) cents</u> |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

| | <i>Notes</i> | 2023 <i>HK\$'000</i> | 2022 <i>HK\$'000</i> |
|---|--------------|--------------------------------|-------------------------|
| Non-current assets | | | |
| Property, plant and equipment | | 9,273 | 7,653 |
| Right-of-use assets | | — | — |
| Intangible assets | | — | — |
| Investment in an associate | | 526 | 55 |
| Deposits paid and prepayments | | 1,841 | 2,260 |
| | | <u>11,640</u> | <u>9,968</u> |
| Current assets | | | |
| Trade receivables | 9 | 24,483 | 1,780 |
| Deposits, prepayments and other receivables | | 13,369 | 4,567 |
| Financial assets at fair value through profit or loss | | — | 25,003 |
| Bank deposits with original maturity over three months | | 2,679 | 4,477 |
| Cash and cash equivalents | | 6,582 | 3,410 |
| | | <u>47,113</u> | <u>39,237</u> |
| Current liabilities | | | |
| Trade and other payables | 10 | 21,724 | 6,015 |
| Borrowings | | 121 | 2,497 |
| Lease liabilities | | 982 | 1,130 |
| | | <u>22,827</u> | <u>9,642</u> |
| Net current assets | | <u>24,286</u> | 29,595 |
| Total assets less current liabilities | | <u>35,926</u> | 39,563 |
| Non-current liabilities | | | |
| Borrowings | | 1,595 | 1,709 |
| Lease liabilities | | 659 | 1,733 |
| | | <u>2,254</u> | 3,442 |
| Net assets | | <u>33,672</u> | <u>36,121</u> |
| Capital and reserves | | | |
| Share capital | | 12,000 | 12,000 |
| Reserves | | 21,672 | 24,121 |
| Total equity attributable to owners of the Company | | <u>33,672</u> | <u>36,121</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

1. General Information

Ying Hai Group Holdings Company Limited (the “**Company**”) was incorporated in the Cayman Islands on 18 December 2018 as an exempted company with limited liability under the Companies Law of the Cayman Islands and its shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The address of the Company’s registered office is Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands. The principal place of business of the Company is Room 506, 5/F, Peninsula Centre, 67 Mody Road, Tsim Sha Tsui, Hong Kong. The Company’s immediate and ultimate holding company is Silver Esteem Limited (the “**Silver Esteem**”), a company incorporated in the British Virgin Islands (“**BVI**”) with limited liability and is wholly owned by Mr. Choi Wai Chan (“**Mr. Choi**”), who is a shareholder of the Company.

The Company is an investment holding company and its subsidiaries (collectively referred to as the “**Group**”) are principally engaged in sales and distribution of air tickets and hotel rooms, sales and provision of ancillary travel-related products and services, provision of car rental services in Macau, cross-border car rental services between Macau and Hong Kong, sales of show and event tickets, organising the shows and events and related ancillary services in Asia and investment in concert.

The consolidated financial statements are presented in Hong Kong Dollars (“**HK\$**”) which is the functional currency of the Company. The consolidated financial statements are presented in the nearest thousand (HK\$’000) unless otherwise stated.

2. Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) and the Companies Ordinance (Chapter 622 of the laws of Hong Kong).

The consolidated financial statements have been prepared under the historical cost basis except for certain financial instruments that are measured at fair value at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in this consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 Share-based Payment, leasing transactions that are within the scope of HKFRS 16 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 Inventories or value in use in HKAS 36 Impairment of Assets.

For financial instruments which are transacted at fair value and a valuation technique that unobservable inputs is to be used to measure at fair value in subsequent periods, the valuation technique is calibrated is that at initial recognition the results of the valuation equals the transaction price.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

3. Application of New and Amendments to Hong Kong Financial Reporting Standards (“HKFRSs”)

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) for the first time, which are mandatory effective for the Group’s annual period beginning on or after 1 January 2023 for the preparation of the consolidated financial statements:

| | |
|--|--|
| HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17) | Insurance Contracts |
| Amendments to HKAS 8 | Definition of Accounting Estimates |
| Amendments to HKAS 12 | Deferred Tax related to Assets and Liabilities arising from a Single Transaction |
| Amendments to HKAS 12 | Interational Tax Reform-Pillar Two model Rules |
| Amendments to HKAS 1 and HKFRS Practice Statement 2 | Disclosure of Accounting Policies |

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

Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

The Group has applied the amendments for the first time in the current year. HKAS 1 Presentation of Financial Statements is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 Making Materiality Judgements (the “**Practice Statement**”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group’s financial positions and performance but has affected the disclosure of the Group’s accounting policies set out in Note 3 to the consolidated financial statements.

Change in accounting policy as a result of application of the HKICPA guidance on the accounting implications of the abolition of the Mandatory Provident Fund - Long Service Payment offsetting mechanism in Hong Kong

In June 2022, the Government of the Hong Kong Special Administrative Region (“**Government**”) gazetted the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (“**Amendment Ordinance**”), which will come into effect from 1 May 2025 (“**Transition Date**”). Once the Amendment Ordinance takes effect, an employer can no longer use any of the accrued benefits derived from its mandatory contributions to mandatory provident fund (“**MPF**”) scheme to reduce the long service payment (“**LSP**”) in respect of an employee’s service from the Transition Date (the abolition of the “**offsetting mechanism**”). In addition, the LSP in respect of the service before the Transition Date will be calculated based on the employee’s monthly salary immediately before the Transition Date and the years of service up to that date.

In July 2023, the HKICPA published the captioned accounting guidance relating to the abolition of the offsetting mechanism. In particular, the guidance indicates that entities may account for the accrued benefits derived from mandatory MPF contributions that are expected to be used to reduce the LSP payable to an employee as deemed contributions by that employee towards the LSP.

To better reflect the substance of the abolition of the offsetting mechanism, the Group has applied the above HKICPA guidance and changed its accounting policy in connection with its LSP liability.

The change in accounting policy had no material impact on the consolidated financial statements.

New and amendments to HKFRSs in issue but not yet effective

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

| | |
|------------------------------------|--|
| Amendments to HKFRS 10 and HKAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹ |
| Amendments to HKFRS 16 | Lease Liability in a Sale and Leaseback ² |
| Amendments to HKAS 1 | Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ² |
| Amendments to HKAS 1 | Non-current Liabilities with Covenants ² |
| Amendments to HKAS 7 and HKFRS 7 | Supplier Finance Arrangements ² |
| Amendments to HKAS 21 | Lack of Exchangeability ³ |

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2024.

³ Effective for annual periods beginning on or after 1 January 2025.

The directors anticipate that the application of the new and amendments to HKFRSs will have a no material impact on the consolidated financial statements in the foreseeable future.

4. Revenue

| | 2023 | 2022 |
|--|-----------------|-----------------|
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Revenue from contracts with customers | | |
| Sales and distribution of hotel rooms | 69,714 | 6,612 |
| Margin income: <i>(Note)</i> | | |
| – sale of air tickets | 47 | 10 |
| – sale of show and event tickets | 47 | — |
| – sale and distribution of hotel rooms | 1,764 | 433 |
| – sale and provision of ancillary travel-related products and services | 59 | 37 |
| Provision of limousine services | 10,228 | 433 |
| Show and event income | 10,830 | — |
| | <hr/> | <hr/> |
| Total revenue from contracts with customers | 92,689 | 7,525 |
| Fair value loss on financial assets at FVTPL | (1,056) | (1,240) |
| Lease income from vehicle leasing | 3,076 | 2,968 |
| | <hr/> | <hr/> |
| Total revenue | 94,709 | 9,253 |

All of the Group's revenue from contracts with customers are recognised at a point in time.

Note: The Group's margin income from sales, distribution and provision of air tickets, show and event tickets, hotel rooms and ancillary travel-related products and services, are considered as cash collected on behalf of a principal as an agent, and thus recorded on a net basis.

5. Segment Information

The Group's operating segments are determined based on information reported to the chief operating decision maker of the Group for the purposes of resource allocation and assessment of segment performance focuses on types of products and services provided. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable operating segments of the Group.

The chief operating decision maker considers the Group has three reportable operating segments which are based on the internal organisation and reporting structure. This is the basis upon which the Group is organised.

(i) Travel business

The travel business consists of sales and distribution of hotel rooms and margin income from sales, distribution and provision of air tickets, hotel rooms and ancillary travel-related products in Macau.

(ii) Vehicle business

The vehicle business represents the provision of vehicle leasing and limousine services in Macau.

(iii) Show and event business

The show and event business represents the sales of show and event tickets, organising the shows and events and related ancillary services in Asia and investment in concert in PRC.

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable operating segments:

For the year ended 31 December 2023

| | Travel business <i>HK\$'000</i> | Vehicle business <i>HK\$'000</i> | Show and event business <i>HK\$'000</i> | Total <i>HK\$'000</i> |
|-----------------------------------|--|---|--|----------------------------------|
| Reportable segment revenue | <u>71,584</u> | <u>13,304</u> | <u>9,821</u> | <u>94,709</u> |
| Reportable segment results | <u>2,908</u> | <u>1,113</u> | <u>(3,287)</u> | <u>734</u> |
| Interest income | | | | 37 |
| Government grants | | | | 82 |
| Share of result of associate | | | | 471 |
| Finance cost | | | | (240) |
| Unallocated income and expenses | | | | <u>(3,630)</u> |
| Loss before tax | | | | <u><u>(2,546)</u></u> |

For the year ended 31 December 2022

| | Travel business <i>HK\$'000</i> | Vehicle business <i>HK\$'000</i> | Show and event business <i>HK\$'000</i> | Total <i>HK\$'000</i> |
|-----------------------------------|---------------------------------------|--|--|--------------------------|
| Reportable segment revenue | 7,092 | 3,401 | (1,240) | 9,253 |
| Reportable segment results | (5,286) | (4,416) | (1,665) | (11,367) |
| Interest income | | | | 23 |
| Government grants | | | | 1,933 |
| Share of result of associate | | | | 55 |
| Finance cost | | | | (353) |
| Unallocated income and expenses | | | | (2,371) |
| Loss before tax | | | | <u>(12,080)</u> |

Reportable segment revenue represents revenue generated from external customers. There were no inter-segment sales during the reporting period.

Segment results represents profit earned by or loss from each segment without allocation of partial other income, government grant, directors' remuneration, partial depreciation, share of result of associate, finance costs and other corporate income and expenses under the heading of "unallocated income and expenses". This is the measure reported to the chief operating decision maker for the purpose of resource allocation and performance assessment.

Segment assets and liabilities

Information regarding the Group's reportable segments assets and liabilities are as follows:

For the year ended 31 December 2023

| | Travel business <i>HK\$'000</i> | Vehicle business <i>HK\$'000</i> | Show and event business <i>HK\$'000</i> | Total <i>HK\$'000</i> |
|--------------------------------|---------------------------------------|--|--|--------------------------|
| Reportable segment assets | <u>28,041</u> | <u>13,448</u> | <u>15,612</u> | <u>57,101</u> |
| Unallocated assets | | | | <u>1,652</u> |
| Total assets | | | | <u>58,753</u> |
| Reportable segment liabilities | <u>20,533</u> | <u>1,479</u> | <u>761</u> | <u>22,773</u> |
| Unallocated liabilities | | | | <u>2,308</u> |
| Total liabilities | | | | <u>25,081</u> |

For the year ended 31 December 2022

| | Travel business <i>HK\$'000</i> | Vehicle business <i>HK\$'000</i> | Show and event business <i>HK\$'000</i> | Total <i>HK\$'000</i> |
|--------------------------------|---------------------------------------|--|--|--------------------------|
| Reportable segment assets | <u>11,010</u> | <u>11,849</u> | <u>25,679</u> | <u>48,538</u> |
| Unallocated assets | | | | <u>667</u> |
| Total assets | | | | <u>49,205</u> |
| Reportable segment liabilities | <u>6,455</u> | <u>1,661</u> | <u>99</u> | <u>8,215</u> |
| Unallocated liabilities | | | | <u>4,869</u> |
| Total liabilities | | | | <u>13,084</u> |

For the purpose of monitoring performance assessment between segments and resources allocation, all assets and liabilities are allocated to the reportable segments other than partial property, plant and equipment, partial right-of-use assets, partial deposits and prepayments, investment in an associate, partial cash and cash equivalents, partial accruals and other payables, bank borrowings and partial lease liabilities.

Other segment information

For the year ended 31 December 2023

| | Travel Business HK\$'000 | Vehicle business HK\$'000 | Show and event business HK\$'000 | Unallocated HK\$'000 | Total HK\$'000 |
|--|---|--|---|---------------------------------|---------------------------|
| Interest income | — | — | — | (37) | (37) |
| Depreciation of property, plant and equipment | 46 | 2,534 | — | — | 2,580 |
| Impairment loss recognised under ECL model, net | | | | | |
| - Allowance for ECL on trade receivables, net | 1,064 | 126 | 145 | — | 1,335 |
| - Allowance for ECL on deposits and other receivables, net | 82 | 13 | 21 | — | 116 |
| Fair value loss on financial assets at fair value through profit or loss | — | — | 1,056 | — | 1,056 |
| Share of result of associate | — | — | — | (471) | (471) |
| Additions to non-current assets (Note) | <u>1,024</u> | <u>3,243</u> | <u>—</u> | <u>—</u> | <u>4,267</u> |

For the year ended 31 December 2022

| | Travel Business HK\$'000 | Vehicle business HK\$'000 | Concert business HK\$'000 | Unallocated HK\$'000 | Total HK\$'000 |
|---|--------------------------------|---------------------------------|---------------------------------|-------------------------|-------------------|
| Interest income | — | — | — | (23) | (23) |
| Depreciation of property, plant and equipment | 219 | 3,155 | — | — | 3,374 |
| Depreciation of right-of-use assets | 13 | 68 | — | — | 81 |
| Impairment loss on right-of-use assets | 308 | 248 | — | — | 556 |
| Impairment loss on property, plant and equipment | 2 | — | — | — | 2 |
| Impairment loss recognised under ECL model, net | | | | | |
| - Allowance for ECL on trade receivables, net | (16) | 10 | — | — | (6) |
| - Allowance for ECL on deposits and other receivables, net | 151 | 9 | 6 | (5) | 161 |
| Fair value loss on financial assets at fair value through profit or loss | — | — | 1,240 | — | 1,240 |
| Share of result of associate | — | — | — | (55) | (55) |
| Additions to non-current assets (Note) | <u>—</u> | <u>658</u> | <u>—</u> | <u>2</u> | <u>660</u> |

Note: Additions to non-current assets exclude the additions of financial instruments, deferred tax assets and right-of-use assets.

Geographical information

During the years ended 31 December 2023 and 2022, the Group's operations are mainly located in Macau and PRC.

The Group's revenue from external customers based on the location of the customers is detailed as below:

| | 2023 | 2022 |
|---------|------------------------|-----------------|
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Macau | 93,571 | 10,493 |
| PRC | (1,056) | (1,240) |
| Others* | 2,194 | — |
| | <u>94,709</u> | <u>9,253</u> |

* Other represents the revenue generated from Hong Kong and other asia countries.

Over 90% of the Group's non-current assets were located in Macau, no geography information in relation to the non-current assets are presented.

Note: Non-current assets excluded financial instruments.

Information about major customers

Revenue from customers during the reporting period contributing over 10% of the total revenue of the Group are as follows:

| | 2023 | 2022 |
|----------------------------|------------------------|-----------------|
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Customer A Travel business | 48,924 | 3,589 |
| Customer B Travel business | 23,243 | 2,045 |
| Customer C Travel business | * | 1,887 |

* The corresponding revenue does not contribute over 10% of the Group's revenue for the respective year.

Except as disclosed above, no other customers contributed 10% or more of the Group's total revenue during the reporting period.

6. Loss Before Tax

The Group's loss before tax is arrived at after charging/(crediting):

| | 2023 | 2022 |
|---|-----------------|-----------------|
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Auditors' remuneration for: | | |
| – audit service | 600 | 600 |
| – non-audit services | — | — |
| | <u>600</u> | <u>600</u> |
| Depreciation of property, plant and equipment (<i>note</i>) | 2,580 | 3,374 |
| Depreciation of right-of-use assets | — | 81 |
| Impairment loss on right-of-use assets | — | 556 |
| Impairment loss on property, plant and equipment | — | 2 |
| Impairment loss recognised under ECL model, net | | |
| – Allowance for ECL on trade receivables, net | 1,335 | (6) |
| – Allowance for ECL on deposits and other receivables, net | 116 | 161 |
| | <u>1,451</u> | <u>155</u> |
| Employee benefit expenses (excluding directors' remuneration) (<i>note</i>) | | |
| – Salaries, allowances and benefits in kind | 10,236 | 6,620 |
| – Retirement benefit scheme contribution | 357 | 384 |
| | <u>10,593</u> | <u>7,004</u> |

Notes: Included in the Group's cost of sales are depreciation of property, plant and equipment of approximately HK\$1,873,000 (2022: HK\$1,006,000), and employee benefit expenses (excluding directors' remuneration) of approximately HK\$3,965,000 (2022: HK\$1,954,000), for the year ended 31 December 2023.

7. Income Tax Expense

| | 2023 | 2022 |
|-------------|-----------------|-----------------|
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Current tax | <u>—</u> | <u>—</u> |

Macau Complementary Tax are calculated at 12% of the estimated assessable profits for both years.

Hong Kong Profits Tax is calculated at 16.5% of estimated assessable profit for both years.

PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% for both years.

No provision for Macau Complementation Tax, Hong Kong Profits Tax and PRC Enterprise Income Tax have been made as there is no assessable profits for the years ended 31 December 2023 and 2022.

Taxation arising in other jurisdictions is calculated at the rate prevailing in the relevant jurisdictions.

8. Loss Per Share

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

| | 2023 | 2022 |
|---|-----------------|-----------------|
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Loss | | |
| Loss for the year attributable to owners of the Company | | |
| for the purpose of basic and diluted loss per share | <u>(2,546)</u> | <u>(12,080)</u> |

| | 2023 | 2022 |
|--|------------------|------------------|
| | <i>'000</i> | <i>'000</i> |
| Number of shares | | |
| Weighted average number of shares for the purpose of | | |
| calculating basic and diluted loss per share | <u>1,200,000</u> | <u>1,200,000</u> |

Diluted loss per share were same as the basic loss per share as there were no potential dilutive ordinary shares in issue.

9. Trade Receivables

| | 2023 | 2022 |
|--------------------------|------------------------|-----------------|
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Trade receivables, gross | 25,911 | 1,873 |
| Less: allowance for ECL | (1,428) | (93) |
| | <u>24,483</u> | <u>1,780</u> |

As at 31 December 2023 and 2022, included in the Group's trade receivables are balances of approximately HK\$42,000 and HK\$36,000 respectively, that are due from related party. Such balances are trade nature, unsecured, interest-free and recoverable on demand.

The credit terms granted to major customers generally range from 30 to 45 days.

The ageing analysis of the Group's trade receivables, is based on invoice dates at the end of each reporting period, net of allowance for ECL, as follows:

| | 2023 | 2022 |
|--------------|------------------------|-----------------|
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| 0-30 days | 11,728 | 1,195 |
| 31-60 days | 1,042 | 445 |
| 61-90 days | 1,869 | 43 |
| Over 90 days | 9,844 | 97 |
| | <u>24,483</u> | <u>1,780</u> |

10. Trade and Other Payables

| | 2023 | 2022 |
|-----------------------------|-----------------|-----------------|
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Trade payables | 15,910 | 2,793 |
| Accruals and other payables | 4,063 | 2,887 |
| Deposits received | 580 | 323 |
| Contract liabilities (Note) | 1,171 | 12 |
| | <u>21,724</u> | <u>6,015</u> |

As at 31 December 2023 and 2022, included in the Group's trade payables are balances of approximately HK\$4,081,000 and HK\$660,000 respectively, that are due to related parties. Such balances are trade nature, unsecured, interest-free and repayable on demand.

The average credit period granted by suppliers is 30 days.

The following is ageing of trade payables, based on the invoice dates:

| | 2023 | 2022 |
|--------------|-----------------|-----------------|
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| 0-30 days | 7,462 | 851 |
| 31-60 days | 5,063 | 355 |
| 61-90 days | 2,080 | 1,587 |
| Over 90 days | 1,305 | — |
| | <u>15,910</u> | <u>2,793</u> |

Note: The balances of contract liabilities at the end of each reporting period are recognised as revenue in the following financial year.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

With the relaxation of travel restrictions and stringent anti-epidemic measures after the outbreak of COVID-19 (the “**Relaxation Policy**”) from the first quarter of 2023, the number of visitors going to Macau increased and the travel industry of Macau gradually improved. The economy outlook of Macau in 2023 was brighter than last year, and is expected to continue to recover.

BUSINESS REVIEW AND PROSPECTS

The Company has successfully listed its shares (the “**Shares**”) on GEM of the Stock Exchange (the “**Listing**”) on 26 September 2019 (the “**Listing Date**”).

The Group is a licensed travel agent that primarily focuses on the provision of travel services and a car rental services provider in Macau, the PRC and Hong Kong. The Group derived its revenue from (i) sales and distribution of air tickets and hotel rooms; (ii) sales and provision of ancillary travel-related products and services; (iii) provision of car rental services in Macau; (iv) cross-border car rental services between Macau and Hong Kong; and (v) sales of show and event tickets, organising the shows and events and related ancillary services in Asia and investment in concerts and shows.

Since the emergence of the outbreak of COVID-19 pandemic (the “**Pandemic**”) in 2020, the travel industry in Macau had been significantly hit and as a result our business and financial performance had been adversely affected. With the Relaxation Policy implemented in the first quarter of 2023, the number of visitors going to Macau increased and contributed to the significant improvement of the Group’s business and financial performance during the year ended 31 December 2023. However, it remains uncertain as to whether the number of visitors going to Macau will restore to the level in the pre-Pandemic era, the Directors will continue to closely monitor the Group’s risks and opportunities brought by the Relaxation Policy.

Apart from the business in Macau, the Group has explored the business in Hong Kong. On 22 March 2023, a subsidiary of the Company, namely Ying Hai Tourism Company Limited (瀛海旅遊有限公司), obtained a Travel Agent Licence (旅行代理商牌照) in Hong Kong issued by the Travel Industry Authority (旅遊業監管局).

The Group's strategic objective is to strengthen its established market position in the Macau's travel industry in order to generate profits and investment returns for the Company's shareholders and drive sustainable growth in the future. To do so, the Group plans to strategically look for opportunities to cooperate with more hotel operators, other travel agents and corporate customers in Macau. The Group intends to enter into agreements with more hotel operators to include mid- and high-tier hotel rooms with a view to increase the number of available hotel rooms and to expand its hotel base so as to attract business travellers and high spending customers and to increase the Group's market share, and thereby generate a higher sales volume and higher revenue from the Group's other services, such as car rental services. Also, the Group will consider to expand the tourism business to the PRC. During the year ended 31 December 2023, the Group also engaged in the sales of show and event tickets and investment in concerts and shows so as to expand the source of revenue in addition to sales and distribution of hotel rooms and vehicle leasing of the Group to capture income sources related to the tourism industry in Macau. The Group believes that this can bring synergy to its existing travel business of sales and distribution of hotel rooms and car rental services.

In addition, as disclosed in the Company's announcement dated 3 May 2021 (the "**2021 Announcement**"), the Group entered into a cooperation agreement with a concert promotor (the "**Concert Promotor**") for cooperating the organisation and sponsoring eight singing concerts held in the PRC by a well-known singing artist (the "**Singing Concerts**"). The eight Singing Concerts were originally scheduled to be held in Beijing, Shenzhen, Shanghai and Chengdu of the PRC from August 2021 to November 2021. However, due to the Pandemic in the PRC and the stringent anti-epidemic measures imposed by the PRC government, the Singing Concerts were postponed to the second half of 2022 and were further postponed to 2023. As of 31 December 2023, all the eight Singing Concerts have been successfully held, with the concerts originally scheduled to be held in Chongqing being relocated to Shenzhen. In addition, the Group has completed four shows titled "*Australia's Thunder From Down Under (澳洲雷霆猛男秀)*" in Macau, South Korea, Thailand and Taiwan and two shows titled "*Disney in Concert*" in Macau and the PRC during the year ended 31 December 2023.

FINANCIAL REVIEW

Revenue

The Group's revenue increased significantly by approximately HK\$85.4 million or 918.3% from approximately HK\$9.3 million for the year ended 31 December 2022 to approximately HK\$94.7 million for the year ended 31 December 2023 as a result of the gradual recovery of the travel industry in Macau following the implementation of the Relaxation Policy. The significant increase in revenue was mainly attributable to the increase in revenue generated from the sales and distribution of hotel rooms and the provision of car rental services. The significant increase in revenue during the year ended 31 December 2023 was also partially attributable to the show and event income from sales of show and event tickets.

Cost of sales

The Group's cost of sales mainly comprised (i) cost of hotel rooms; (ii) distribution service fees; (iii) cost of car rental services; and (iv) cost of show and event. For the years ended 31 December 2022 and 2023, the cost of sales amounted to approximately HK\$10.2 million and HK\$81.4 million, respectively, representing a significant increase of approximately HK\$71.2 million or 698.0%. Such increase was mainly driven by the increase in sales from the sales and distribution of hotel rooms and the provision of car rental services.

Gross profit/(loss)

The Group recorded gross profit of approximately HK\$13.3 million for the year ended 31 December 2023, as compared to gross loss of approximately HK\$1.0 million for the year ended 31 December 2022. The reversal from gross loss to gross profit was mainly attributable to the significant increase in revenue which was driven by the Relaxation Policy in early 2023. For the year ended 31 December 2023, the Group's gross profit margin was approximately 14.0%.

Other income and gains

The Group's other income and gains decreased from approximately HK\$3.8 million for the year ended 31 December 2022 to approximately HK\$0.8 million for the year ended 31 December 2023. The decrease in other income and gain was mainly due to the decrease in government grants received during the year ended 31 December 2023.

Administrative expenses

The Group's administrative expenses mainly comprised employee benefits expenses, depreciation expenses, rental and related expenses, office expenses, motor vehicle expenses, professional fees and advertising and promotion expenses. The Group's administrative expenses remained relatively stable at approximately HK\$13.9 million and HK\$15.4 million for the years ended 31 December 2022 and 2023, respectively.

Income tax expense

The Group's income tax expense was nil for the years ended 31 December 2022 and 2023.

Finance costs

The Group's finance costs remained relatively stable at approximately HK\$353,000 and HK\$240,000 for the years ended 31 December 2022 and 2023, respectively.

Loss for the year

The Group's loss for the year decreased significantly by approximately HK\$9.6 million or 79.3% from approximately HK\$12.1 million for the year ended 31 December 2022 to approximately HK\$2.5 million for the year ended 31 December 2023. The significant reduction in loss was mainly driven by the significant increase in revenue and the overturn from gross loss to gross profit as a result of the foregoing.

Use of net proceeds from the Listing

The net proceeds (the “**Net Proceeds**”) from the Listing, after deducting the actual underwriting fees and expenses paid by the Company, amounted to approximately HK\$39.3 million. The intended use of proceeds was more particularly set out in the section headed “Future Plans and Use of Proceeds” in the prospectus of the Company dated 13 September 2019, (the “**Prospectus**”) and subsequently the Board resolved to revise the intended use of proceeds on 3 May 2021 as disclosed in the 2021 Announcement. The particulars of the use of proceeds from the Listing Date up to 31 December 2023 are set forth below:

| | Adjusted use of Net Proceeds as stated in the 2021 Announcement (HK\$'000) | The amount | | Actual amount of Net Proceeds utilised as at 31 December 2023 (HK\$'000) | Unutilised amount of the Net Proceeds as at 31 December 2023 (HK\$'000) | Expected timeline for the intended use of the unutilised Net proceeds December 2024 |
|--|--|---|--|--|---|--|
| | | Actual amount of Net Proceeds utilised from the Listing Date to 31 December 2022 (HK\$'000) | of Net Proceeds utilised during the year ended 31 December 2023 (HK\$'000) | | | |
| Expansion of car fleet | 3,965 | 3,965 | — | 3,965 | — | — |
| Cooperate with more hotel operators | 6,480 | 2,286 | 272 | 2,558 | 3,922 | — |
| Increase our marketing and expansion of our sales channel | 2,319 | 2,319 | — | 2,319 | — | — |
| Improve the efficiency of our operation | 1,485 | 1,485 | — | 1,485 | — | — |
| Expand our workforce | 824 | 824 | — | 824 | — | — |
| General working capital | 1,080 | 1,080 | — | 1,080 | — | — |
| Cooperate with the organiser of singing concerts | 22,186 | 22,186 | — | 22,186 | — | — |
| Expansion of tourism business to the PRC | 957 | 957 | — | 957 | — | — |
| Total | <u>39,296</u> | <u>35,102</u> | <u>272</u> | <u>35,374</u> | <u>3,922</u> | |

Note: As disclosed in the 2021 Announcement, the Group's financial performance and condition were affected by the Pandemic since 2020. In view of the adverse impact of the Pandemic on the Group's business, the Board resolved to adjust the business strategies in order to diversify business operations risk and to cope with the economic uncertainty in the future by reallocating the then unutilised Net Proceeds from the Listing. For further details in relation to the reallocation, please refer to the 2021 Announcement.

The unutilised Net Proceeds could not be fully utilised during the year ended 31 December 2023 as the Group required more time to identify suitable hotel operators for cooperation. The Group intends to utilise the unutilised Net Proceeds as soon as practicable by 31 December 2024.

All the unutilised Net Proceeds have been placed in licensed banks in Macau.

Comparison of business strategies and actual business progress

An analysis comparing the business objectives as set out in the Prospectus and the 2021 Announcement with the Group's actual business progress for the period from the Listing Date to the date of this announcement is set out below:

Business strategies

as stated in the Prospectus and the 2021 Announcement

Actual business progress up to date of this announcement

Expansion of our car fleet

Up to the date of this announcement, the Group has purchased 15 new motor vehicles for the provision of point-to-point cross-border transportation services and car rental services in Macau. We will consider market demand in Macau to adjust the progress of our expansion plan of car fleet.

Cooperate with more hotel operators

We are in the progress of identifying popular and quality hotels to cooperate with.

**Business strategies
as stated in the Prospectus
and the 2021 Announcement**

Cooperate with the organiser of
singing concerts

Expansion of tourism business to
the PRC

**Actual business progress up to date of
this announcement**

As disclosed in the 2021 Announcement, we will cooperate with the organiser of singing concerts by sponsoring singing concerts held in the PRC and Macau of well-known stars and artists, subject to market demand in both the PRC and Macau and the development of the Pandemic. In respect of the Singing Concerts, they have been successfully held as of 31 December 2023 as disclosed above.

As disclosed in the 2021 Announcement and elsewhere in this announcement, the Group plans to expand its tourism business to the PRC in order to diversify its business. We are in the progress of identifying tourism business opportunities in the PRC.

Principal risks and uncertainties in achieving our business strategies

During the period under review, the Group faced certain risks and uncertainties in achieving our business strategies in accordance with the use of proceeds plan as set out in the Prospectus and the 2021 Announcement as follows:

- (1) The Pandemic has severely affected the travel and tourism industry in Macau after the imposition of the travel restrictions by the Macau and the PRC governments and sluggish consumers' sentiment. Travel restrictions and lockdown in Macau, the PRC and Hong Kong may re-occur or even tighten up again in the future and thus the outlook of the travel industry remains uncertain and thus, the Group will strategically adhere to the business plan and will actively search for deals and other business opportunities to stabilise the impact of the Pandemic to the Group's business;
- (2) The Group may fail to identify hotel operators with attractive terms to cooperate with to achieve our expansion plans;
- (3) When achieving our business plans, timing is of the essence. The Group may fail to grasp the business trend to determine the optimal time to enter the market or expand our new sales channel; and
- (4) In an increasingly volatile and complex business environment, the Group may face change in consumer behaviour and high competition when we launch our business plan.

In order to alleviate the above risks and uncertainties in achieving the Group's business strategies, the Group will ensure that its business plans are as resilient as possible to meet these challenges based on market conditions. The Group will carefully look at the business trends as well to determine if there is a strong entrepreneurial environment for us to lean on.

PRINCIPAL RISKS AND UNCERTAINTIES

The following are the principal risks and uncertainties faced by the Group, which may materially and adversely affect our business, financial condition or results of operations:

1. The Group's business and operation have been seriously affected by the Pandemic and the resulting lock-down, travel restrictions and suspension of work in Macau, the PRC and Hong Kong. The number of tourists visiting Macau significantly decreased for a prolonged period due to the Pandemic prior to the launch of the Relaxation Policy. Despite the Relaxation Policy was launched in early 2023, there is no assurance that the number of tourists visiting Macau and Macau's economy will recover to the level in the pre-Pandemic era.
2. The Group's revenue was mainly derived from Macau and the Group's sales performance is susceptible to changes in Macau as well as the PRC policies and economic environment.
3. Customers may delay payment or default payment, yet the Group may be required to pay for the hotel rooms and the Group may bear the cost.
4. The Group's major suppliers might opt to deal with the Group's customers directly, alternatively the Group's travel agent customers may source hotel rooms from each other, thereby bypassing the Group.
5. Historically, the Group's revenue was generated from the sales and distribution of hotel rooms from certain hotel operators in Macau (the "**Hotel Operators**"), and the Group's business and results of operation may be adversely affected if (i) the Hotel Operators terminate or refuse to renew the relevant agreement; or (ii) the renewed terms become less favourable to the Group.
6. The Group is committed to secure a guaranteed number of hotel rooms at pre-determined room rates with various hotels operators. The Group may suffer from a decrease in profits or record a loss from the sales and distribution of the guaranteed hotel rooms if the Group is unable to sell and distribute the hotel rooms at rates higher than its respective pre-determined room rates or if hotels operators reduce the number of hotel rooms sold to the Group.

7. If the Group is unable to obtain and maintain adequate parking spaces at reasonable costs, the Group's growth opportunities may be adversely affected.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Saved as disclosed in this announcement, the Group did not have other plans for material investments and capital assets as at 31 December 2023.

LIQUIDITY AND FINANCIAL RESOURCES

Capital structure

There has been no material change in the share capital structure of the Company during the year ended 31 December 2023.

Cash position

As at 31 December 2023, the cash and cash equivalents and bank deposits with maturity dates over three months (the “**Total Bank Balances**”) amounted to approximately of HK\$9.3 million (as at 31 December 2022: HK\$7.9 million). The increase was mainly resulted from increase in revenue generated from the sales and distribution of hotel rooms and the provision of car rental services. Among the Total Bank Balances of HK\$9.3 million as at 31 December 2023:

1. approximately of HK\$6.6 million (as at 31 December 2022: approximately of HK\$3.4 million) represented cash and cash equivalents of the Group; and
2. approximately HK\$2.7 million (as at 31 December 2022: approximately HK\$4.5 million) represented bank deposits with maturity dates over three months of the Group, which were placed in a bank to secure general banking facilities in support of guarantees in favour of the suppliers of the Group and to the Macau and Hong Kong governments to obtain travel agent licence in Macau.

Borrowings and lease liabilities

As at 31 December 2023, the total borrowings and lease liabilities of the Group, all of which were denominated in Hong Kong dollars, amounted to approximately HK\$3.4 million (as at 31 December 2022: approximately HK\$7.1 million), and outstanding committed banking facilities amounted to approximately HK\$1.7 million (as at 31 December 2022: approximately HK\$4.2 million). In particular:

1. approximately HK\$1.7 million (as at 31 December 2022: HK\$4.2 million) represented the bank borrowings which bore a fixed rate at 3.4% per annum as at 31 December 2023 (as at 31 December 2022: 2.5% per annum). The bank borrowings with carrying amount of approximately HK\$1.7 million as at 31 December 2023 (as at 31 December 2022: approximately HK\$1.8 million) were secured by properties included in the property, plant and equipment with net carrying amount of approximately HK\$2.3 million as at 31 December 2023 (as at 31 December 2022: approximately HK\$2.4 million); and
2. approximately HK\$1.7 million (as at 31 December 2022: approximately HK\$2.9 million) represented lease liabilities of the leases available for use by the Group, carrying an interest rate ranging from 4.3% to 8.0% per annum (as at 31 December 2022: ranging from 4.3% to 8.0% per annum).

Pledge of assets

As at 31 December 2023, the Group's bank deposits with maturity dates over three months with amount of approximately HK\$2.7 million (as at 31 December 2022: approximately HK\$4.5 million), have been pledged to secure general banking facilities granted to the Group and guarantees issued to the suppliers of the Group as general trade deposits and to the Macau government to obtain travel agent licence in Macau.

As at 31 December 2023, the Group's has pledged properties with carry amount of approximately HK\$2.3 million (as at 31 December 2022: approximately HK\$2.4 million) to secure bank borrowings with carrying amounts of approximately HK\$1.7 million (as at 31 December 2022: approximately HK\$1.8 million). The properties are the carparking space that located in Macau.

Gearing ratio

As at 31 December 2023, the gearing ratio of the Group was approximately 10.0% (as at 31 December 2022: approximately 19.6%). The gearing ratio is calculated based on the bank borrowings, bank overdrafts and lease liabilities divided by the equity attributable to owners of the Company at the end of the respective year.

DIVIDEND

The Directors resolved not to recommend the payment of a final dividend for the year ended 31 December 2023 (2022: Nil).

COMMITMENTS

As at 31 December 2023, the Group had capital commitment of approximately HK\$0.8 million (as at 31 December 2022: approximately HK\$0.8 million).

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES

Save as disclosed in the elsewhere of the notes to the consolidated financial statements, there was no material acquisition or disposal of subsidiaries, associate companies or joint ventures for the year ended 31 December 2023 and up to the date of this announcement.

SIGNIFICANT INVESTMENT HELD

During the year ended 31 December 2023, the Group's significant investment comprised financial assets at fair value through profit or loss. The following table sets forth the movement of our financial assets at fair value through profit or loss and its size relative to the Group's total assets as at/for the year ended 31 December 2023:

For the year ended/As at 31 December 2023

| Significant Investment | Investment cost | Fair value | Fair value | Settlement | Transfer to trade receivables | Fair value | Percentage of fair value to the Group's total assets |
|---|-----------------|-----------------------|-----------------|------------|-------------------------------|--------------------|--|
| | | beginning of the year | loss recognised | | | at end of the year | at end of the year |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Financial assets at fair value through profit or loss (<i>Note</i>) | 24,069 | 25,003 | (1,056) | (15,826) | (8,121) | — | — |

Note: The financial assets at fair value through profit or loss represented investment in concerts. On 3 May 2021, Ying Hai Entertainment Culture Company Limited (瀛海娛樂文化有限公司), being a wholly-owned subsidiary of the Company, entered into a cooperation agreement (the “**Cooperation Agreement**”) with a the Concert Promoter for cooperating the organisation and sponsoring eight Singing Concerts held in the PRC by a well-known singing artist. Pursuant to the Cooperation Agreement, the Group will be entitled to 20% of income, including ticketing and sponsorship income, generated from the concerts while the Concert Promotor will be entitled to 80% of the income generated from the concerts. For further details of the Cooperation Agreement, please refer to the 2021 Announcement. As disclosed above, as of 31 December 2023, all the eight Singing Concerts have been successfully held. To the best knowledge, information and belief of the Directors, the business scope of the Concert Promotor included organising arts and culture exchanges, organising convention and exhibition activities, designing, producing, dealing and distributing advertisement, conducting marketing survey, conducting business planning, importing and exporting of goods and services and providing performing arts brokerage services.

Save as disclosed above and the investments in subsidiaries and an associate by the Company, the Group did not hold any significant investments during the year ended 31 December 2023.

The Company's Investment Strategy for Investment in Concerts

Considering the negative impact of the Pandemic on the Group since 2020, the Company entered into the Cooperation Agreement with a view to leverage the resources of the Group and to diversify the source of income. The Group's strategy is to identify opportunities for sponsoring singing concerts of well-known artists organised by reputable concert organisers.

CONTINGENT LIABILITIES

As at 31 December 2023, the Group had no significant contingent liabilities (as at 31 December 2022: Nil).

FOREIGN EXCHANGE EXPOSURE

The Group operates in Macau and the PRC with majority of the transactions being settled in MOP, HK\$, USD, SGD and RMB. The Group is not exposed to material foreign exchange risk in respect of HK\$ against MOP, USD and SGD as long as these currencies are pegged. The Group considers that there is no significant foreign exchange risk exposed to by the Group in its operation. The Group did not enter into any hedging transactions and did not have any foreign exchange contracts, interest or currency swaps, other financial derivatives or any financial instruments for hedging purposes for the year ended 31 December 2023.

TREASURY AND RISK MANAGEMENT

The Directors will continue to follow a prudent policy in managing the Group's cash and maintaining a strong and healthy liquidity to ensure that the Group is well placed to take advantage of future growth opportunities. No investment in financial products other than cash and bank deposits were held by the Group during the year.

As at 31 December 2023, the Group's credit risk is primarily attributable to trade receivables, deposits paid and other receivables, bank deposits with original maturity over three months and bank balances.

As at 31 December 2023, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

Trade receivables

In order to minimise the credit risk, the management of the Group has delegated a team to be responsible for determination of credit limits and credit approvals. The Group's monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts.

In addition, the Group performs impairment assessment under the expected credit losses ("ECL") model upon the application of HKFRS 9 on credit card trade receivables individually and the remaining trade receivables are grouped using a provision matrix with past due status grouping. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

Deposits paid and other receivables

The management of the Group makes periodic individual assessment on the recoverability of deposits based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information under the ECL model upon application of HKFRS 9. The management of the Group believes that there is no material credit risk inherent in the Group's outstanding balance of deposits.

Bank deposits with maturity dates over three months and bank balances

The Group deposited its cash with recognised and reputable banks. Bankruptcy or insolvency of the banks may cause the Group's right with respect to bank balances held to be delayed or limited. The Directors monitor the credit rating of these banks on an ongoing basis, and considers that the Group's exposure to credit risk of banks was minimal.

The Group does not have any other significant concentrations of credit risk. The exposures to these credit risks are monitored on an ongoing basis.

LITIGATIONS

During the year ended 31 December 2023, the Group was not involved in any litigation or arbitration of material importance and there was no litigation or claim of material importance pending or threatened by or against any member of the Group.

EMPLOYEES AND REMUNERATION POLICY

The Directors believe that employees are an important asset to the Group and the quality of the employees is an important factor in sustaining the Group's business growth and improving its profitability. The Group's remuneration package is structured with reference to the individual performance, working experience and prevailing salary levels in the market. In addition to basic salary and contributions to the mandatory provident fund, staff benefits also include medical insurance scheme and the options which can be issued under the Scheme (as defined below). The remuneration package of employees is reviewed on regular basis.

As at 31 December 2023, the Group had a total of 88 employees (2022: 48 employees). The Group's staff costs, including Directors' emoluments, amounted to approximately HK\$12.8 million for the year ended 31 December 2023 (2022: approximately HK\$8.7 million). Directors' remuneration amounted to approximately HK\$2.2 million for the year ended 31 December 2023 (2022: approximately HK\$1.7 million) which included remuneration of the independent non-executive Directors for a total amount of approximately HK\$0.2 million (2022: approximately HK\$0.2 million).

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group's business is primarily subject to the relevant environmental laws and regulations of Macau. During the year ended 31 December 2023, the Group was not subject to any material environmental claims, lawsuits, penalties, administrative or disciplinary actions.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

During the year ended 31 December 2023 and up to the date of this announcement, the Group has complied with all the relevant laws and regulations in Macau, the PRC and Hong Kong in all material respects.

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2023, the Group maintained good relationship with its employees, customers and suppliers. The Group will continue to ensure effective communication and maintain good relationship with them. During the year ended 31 December 2023, there was no material dispute between the Group and its customers, suppliers and employees, respectively.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Shares during the year ended 31 December 2023.

AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) has reviewed the accounting principles and policies adopted by the Group and discussed internal controls and financial reporting matters and the audited consolidated financial statements for the year ended 31 December 2023. The Audit Committee is of the opinion that the audited consolidated financial statements of the Group for the year ended 31 December 2023 comply with the applicable financial reporting standards and the GEM Listing Rules and that adequate disclosures have been made. The audited annual results of the Group for the year ended 31 December 2023 have been reviewed by the Audit Committee.

CORPORATE GOVERNANCE PRACTICE

The Board recognises that transparency and accountability are the cornerstones of the Company's corporate governance. Therefore, the Company is committed to maintaining high standards of corporate government in order to uphold the transparency of the Group and safeguard interests of our shareholders. The Company has adopted the Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 to the GEM Listing Rules. In the opinion of the Board, the Company has in all material respects complied with the CG Code for the year ended 31 December 2023, except for the deviations of paragraph C.2.1 of part 2 of the CG Code, which is explained in the paragraphs below.

Paragraph C.2.1 of part 2 of the CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Choi Wai Chan (“**Mr. Choi**”) is currently the chairman and the chief executive officer of the Company. Considering that Mr. Choi has been operating and managing the Group since 2014 until his resignation in August 2022 (in which Mr. Choi was re-appointed in May 2023, the details of which are set out in the Company’s announcements dated 19 May 2023 and 25 May 2023) and his expertise in the travel industry, the Board believes that it is in the best interest of the Group to have Mr. Choi taking up both roles for effective management and business development. Furthermore, all major decisions of the Company are discussed by the Board, the Board committees and the senior management. The Board also considers that since the members of the Board include competent and independent non-executive Directors, this structure would not impair the balance of power and authority between the Board and its management in the business of the Group. Therefore, the Board considers that the deviation from paragraph C.2.1 of part 2 of the CG Code is appropriate in such circumstance and in the interest of the Company.

As disclosed in the Company’s announcement dated 3 August 2022, Mr. Choi resigned as the executive Director and chairman and ceased to act as the chief executive officer of the Company until his re-appointment in May 2023 as disclosed above. Following the then Mr. Choi’s resignation and prior to Mr. Choi’s reappointment, Ms. Zou Shuer (“**Ms. Zou**”), being an executive Director of the Company, was the chairman of the Board and the Company’s chief executive officer from 3 August 2022 to 19 May 2023. As such, the Company deviated from paragraph C.2.1 of part 2 of the CG Code. Considering that Ms. Zou joined the Group in September 2017 and has been overseeing the operation of the Group, the Board was of the opinion that it was beneficial to the Company and its business to have Ms. Zou taking over the roles of both chairman and chief executive officer for a strong leadership for the Group and can be effective in planning and implementing long-term business strategies. The Board also considered that since the members of the Board include competent and independent non-executive Directors, this structure would not impair the balance of power and authority between the Board and its management in the business of the Group.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Group has adopted the required standard of dealing, as set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct for securities transactions by the Directors in respect of the Shares. Having made specific enquiry with all the Directors, all Directors have confirmed that they have complied with the required standard of dealing and the code of conduct for securities transactions by the Directors during the year ended 31 December 2023.

SHARE OPTION SCHEME

The Company had adopted a share option scheme (the “**Scheme**”) on 3 September 2019 (the “**Adoption Date**”). No awards or options had been granted, agreed to be granted, exercised, cancelled, forfeited or lapsed under the Scheme since the Adoption Date and up to the date of this announcement.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the best knowledge of the Directors, it is confirmed that there is sufficient public float of at least 25% of the Company’s issued Shares as required under the GEM Listing Rules during the year ended 31 December 2023 and up to the date of this announcement.

SCOPE OF WORK OF HLB HODGSON IMPEY CHENG LIMITED

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in the preliminary announcement for the year ended 31 December 2023 have been agreed by the Group’s auditor, HLB Hodgson Impey Cheng Limited (“**HLB**”), to the amounts set out in the Group’s draft consolidated financial statements for the year. The work performed by HLB in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by HLB on the preliminary announcement.

EVENTS AFTER REPORTING PERIOD

Save as disclosed in this announcement, the Group had no material events for disclosure subsequent to 31 December 2023 and up to the date of this announcement.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting for 2024 will be held on 10 May 2024 (the “**2024 AGM**”). A notice of meeting together with the circular for the 2024 AGM will be published in the manner as required by the GEM Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

In order to establish entitlements to attend and vote at the 2024 AGM, the register of members of the Company will be closed from Tuesday, 7 May 2024, to Friday, 10 May 2024, both dates inclusive, the period during which no transfer of the Shares will be registered. Shareholders are reminded to ensure that all completed Share transfer forms accompanied by the relevant Share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Monday, 6 May 2024.

By order of the Board

Ying Hai Group Holdings Company Limited

Choi Wai Chan

Chairman, Chief Executive Officer and Executive Director

Hong Kong, 26 March 2024

As at the date of this announcement, the executive Directors are Mr. Choi Wai Chan and Ms. Zou Shuer; and the independent non-executive Directors are Mr. Sou Sio Kei, Mr. Rodrigues Cesar Ernesto and Mr. Hu Chung Ming.

This announcement will remain on the website of the Stock Exchange at www.hkexnews.hk on the “Latest Listed Company Information” page for at least 7 days from the date of its publication and on the website of the Company at www.yinghaiholding.com.