

Cinese International Group Holdings Limited 富盈環球集團控股有限公司

(incorporated in Ontario, Canada and continued in the Cayman Islands with limited liability)

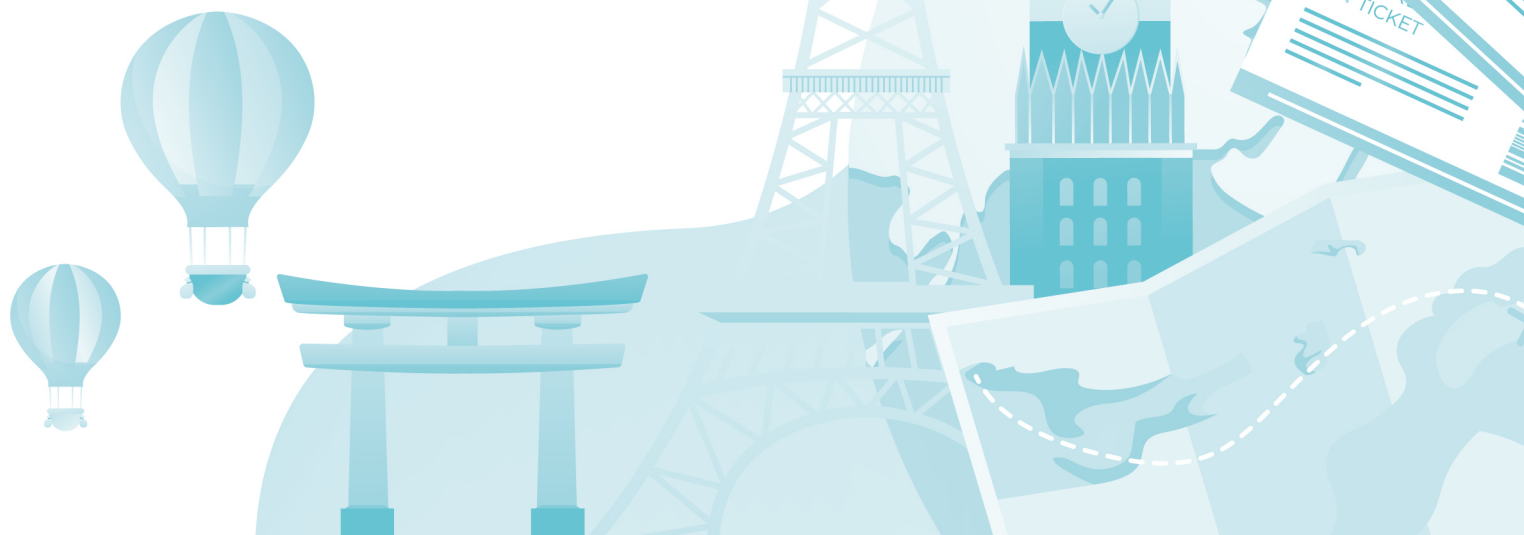
Stock Code: 1620

Annual Report 2023



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FINANCIAL HIGHLIGHTS

| | Year ended 31 December | | |
|--|------------------------|----------------------|-------------------------|
| | 2023 HK\$ million | 2022 HK\$ million | Increase/ (decrease) |
| Revenue | 103.5 | 45.8 | 126.0% |
| Gross profit | 44.2 | 22.5 | 96.4% |
| Gross profit margin (%) | 42.7 | 49.2 | (13.2%) |
| Profit/(loss) for the year | 2.9 | (13.8) | 121.0% |
| Basic and diluted earnings/(losses) per share (HK cents) | 0.2 | (1.2) | 116.7% |
| Proposed final dividend per share (HK cents) | — | — | — |

| | As at | As at | Increase/ (decrease) |
|---------------------------------------|-------------------------------------|-------------------------------------|-------------------------|
| | 31 December 2023 HK\$ million | 31 December 2022 HK\$ million | |
| Total assets | 141.8 | 133.0 | 6.6% |
| Shareholders' equity | 50.3 | 47.8 | 5.2% |
| Current ratio and quick ratio (times) | 1.2 | 1.1 | 9.1% |
| Gearing Ratio (%) | 6.6 | 8.4 | (21.4%) |



CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Dr. Kou Chung Yin Mariana
(Chairperson and Chief Executive Officer)
Mr. Liu Xue Bin

Non-executive Director

Mr. Liu Jiefeng

Independent Non-executive Directors

Mr. Fong Wai Bun Benny
Ms. Suen Yin Wah Chloe
Ms. Kwan Ka Yee

AUDIT COMMITTEE

Ms. Kwan Ka Yee *(Chairperson)*
Mr. Fong Wai Bun Benny
Ms. Suen Yin Wah Chloe

REMUNERATION COMMITTEE

Mr. Fong Wai Bun Benny *(Chairperson)*
Mr. Liu Xue Bin
Ms. Kwan Ka Yee

NOMINATION COMMITTEE

Ms. Suen Yin Wah Chloe *(Chairperson)*
Dr. Kou Chung Yin Mariana
Mr. Fong Wai Bun Benny

COMPANY SECRETARY

Mr. Chow Kai Yu *(HKICPA)*

AUTHORISED REPRESENTATIVES

Dr. Kou Chung Yin Mariana
Mr. Chow Kai Yu

REGISTERED OFFICE

4th Floor, Harbour Place
103 South Church Street
PO Box 10240
Grand Cayman, KY1-1002
Cayman Islands

HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit No. 1814 & 1815 on 18th Floor,
Star House, No.3 Salisbury Road,
Kowloon, Hong Kong

PRINCIPAL PLACE OF BUSINESS IN CANADA

Suite 304
1090 Don Mills Road
Toronto, Ontario
Canada M3C 3R6

HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

Boardroom Share Registrars (HK) Limited
2103B, 21st Floor, 148 Electric Road
North Point
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Harneys Fiduciary (Cayman) Limited
4th Floor, Harbour Place
103 South Church Street
PO Box 10240
Grand Cayman KY1-1002
Cayman Islands

AUDITOR

BDO Limited
Certified Public Accountants
Registered Public Interest Entity Auditor

LEGAL ADVISERS AS TO HONG KONG LAW

Eric Chow & Co. in Association with
Commerce & Finance Law Offices

PRINCIPAL BANKERS

HSBC Bank Canada
Industrial and Commercial Bank of China (Asia) Limited

STOCK CODE

1620

WEBSITE

www.cighl.com





CHAIRPERSON'S STATEMENT

Dear Shareholders,

On behalf of the board (the “**Board**”) of directors (the “**Directors**”) of Cinese International Group Holdings Limited (the “**Company**”), I am pleased to announce the audited consolidated annual results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2023 (the “**Year**”).

BUSINESS REVIEW

The Group is a long-established air ticket consolidator, travel business process management provider and travel products and services provider in Canada, founded in 1976 and with more than 40 years of operating history. The principal businesses of the Group include (i) air ticket distribution in which it distributes air tickets to travel agents and travellers and issues air tickets directly on behalf of contracted airlines; (ii) travel business process management in which it provides mid-office and back-office support services to travel agents; (iii) other business process management in which it provides certain translation and agent services for its customers; and (iv) travel products and services in which it designs, develops and sells package tours, as well as other travel products and services to travel agents and travellers.

The Group's performance in 2023 continued to recover steadily following the ease of the COVID-19 pandemic. There was a continuous recovery of the travel industries worldwide, and the Group recorded an increase in transaction volume and revenue for its air ticket distribution services for the Year, as compared to 2022. Leveraging its knowledge and experience as a travel services provider, the Group successfully extended its presence to the Guangdong-Hong Kong-Macao Greater Bay Area (“**Greater Bay Area**”) of the People's Republic of China (“**China**” or “**PRC**”) and generated revenue in 2023. In such connection, the Group recognised revenue of approximately HK\$60.1 million from its travel products and services segment for 2023 primarily in relation to the provision of company-operated cultural tours in the Greater Bay Area. The Group also leveraged its knowledge and experience from being a travel services provider to explore new business opportunities and had entered into a non-legally binding memorandum of understanding in early 2024 with a travel and healthcare services provider based in Hainan, the PRC in relation to potential travel and healthcare business cooperation.

The total revenue of the Group increased by approximately HK\$57.7 million or approximately 126.0%, from approximately HK\$45.8 million for the year ended 31 December 2022 to approximately HK\$103.5 million for the Year. Such increase was mainly attributable to the increase in revenue generated from the air ticket distribution segment and travel products and services segment as further discussed below. Alongside the increase in revenue, the gross profit of the Group increased by approximately HK\$21.7 million or approximately 96.4%, from approximately HK\$22.5 million the year ended 31 December 2022 to approximately HK\$44.2 million for the Year. The overall gross profit margin of the Group decreased by approximately 6.5 percentage points, from approximately 49.2% for the year ended 31 December 2022 to approximately 42.7% for the Year, the decrease in gross margin was primarily attributable to the increase in the portion of revenue contribution of the travel products and services segment which had a relatively lower gross profit margin as compared to other business segments of the Group as further discussed in this annual report.



CHAIRPERSON'S STATEMENT

Air Ticket Distribution

Air ticket distribution business segment experienced a remarkable improvement in 2023 as compared to 2022 following the ease of the COVID-19 pandemic. Segment revenue substantially increased by approximately 93.9% or approximately HK\$10.7 million from approximately HK\$11.4 million for the year ended 31 December 2022, to approximately HK\$22.1 million for the Year. Such increase was mainly attributable to the increase in transaction volume of air tickets sales and gross sales proceeds generated from air tickets sales, primarily due to the continuous recovery of the travel industries worldwide. As one of the International Air Transport Association (IATA) accredited travel agents in Canada and one of the Airlines Reporting Corporation (ARC) accredited travel agents in the United States, the Group is qualified to obtain ticketing authority to issue air tickets of all available flights (origins and destinations) on behalf of IATA member airlines and ARC member airlines and secure private fare deals directly from them. As at 31 December 2023, the Group had ticketing authority for more than 150 airlines and private fare deals with around 70 airlines, including top airlines based in Canada, the United States and the PRC.

Travel Business Process Management

The Group continued to provide a range of travel business process management including air ticket transaction processing, customer contact, BSP/ARC settlement and reconciliation, software development and travel licensing, compliance and other administrative matters to its customers. Segment revenue generated from travel business process management decreased by approximately 34.1% or approximately HK\$10.9 million, from approximately HK\$32.0 million for the year ended 31 December 2022, to approximately HK\$21.1 million for the Year. Such decrease in segment revenue was mainly attributable to the Group's reduced business cooperation with certain customers with lower profit margins to improve the operational efficiency and profitability. As a result, the Group recorded an increase in gross profit margin for the travel business process management segment of approximately 18.4 percentage points from approximately 48.0% for the year ended 31 December 2022 to approximately 66.4% for the Year. The management will continue to expand the Group's customer base by initiating sales efforts targeting travel agents that share similar profile and market positioning as its existing customers, while at the same time optimise the Group's customer profile.

Other Business Process Management

The Group started to provide business process management services to a healthcare company in Canada in relation to COVID-19 tests in the airports in Canada in the second half of 2021, where a range of business process management services including translation, customer contact, software support and other administrative services was provided by the Group. As the COVID-19 testing requirement for international travellers in Canada has been removed following the ease of the COVID-19 pandemic, the Group ceased to provide such business process management services for the Year and the revenue generated from other business process management segment decreased to nil from approximately HK\$2.3 million for the year ended 31 December 2022. Going forward, the management will continue to explore new business opportunities for its other business process management segment.

Travel Products and Services

The Group has resumed providing package tours in the first quarter of 2023 following the ease of the COVID-19 pandemic and thereby recognised revenue from its travel products and services segment for the Year. With the Group expanding its presence to the Greater Bay Area, the Group recognised segment revenue of approximately HK\$60.3 million for the Year, primarily in relation to the provision of company-operated cultural tours in the Greater Bay Area. The management will continue to consolidate and expand the Group's presence in the Greater Bay Area through sourcing new customers.





CHAIRPERSON'S STATEMENT

DIVIDENDS

In order to retain more cash to finance the working capital requirements and future development of the Group, the Board does not recommend the payment of final dividend for the Year (2022: nil). The Board will consider future dividend distribution in due course according to the Company's dividend policy.

FUTURE PROSPECT

Air travel demand is off to a very healthy start in 2023, which bodes well for the continued and steady recovery from the COVID-19 pandemic. The airline, travel and tourism industries worldwide have significantly improved alongside with steady demand for travel and increasing flight numbers. Airlines of different countries have increased their number of destinations while passenger demand and bookings have demonstrated a continued growth. In particular, the Group has resumed providing package tours since the first quarter of 2023. The Group therefore believes that the travel industries as a whole are improving, which will in turn create more business opportunities for the Group.

The Group will continue to consolidate its presence in the travel industries of the Greater Bay Area. The Group will continue to deploy business strategies with a view to sustain its travel related businesses and endeavor to explore suitable business opportunities from time to time in the travel consultancy, healthcare, hospitality and other potential service industries by leveraging its knowledge and experience, so as to create business synergy, enhance earning capability and potential, and bring value to shareholders of the Company ("**Shareholders**").

APPRECIATION

The Board would like to take this opportunity to express its gratitude to all Shareholders, customers, suppliers, employees and other business partners of the Group for their continuous support.

On behalf of the Board

Kou Chung Yin Mariana
Cinese International Group Holdings Limited
Chairperson and executive Director

Hong Kong, 26 March 2024



MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

REVENUE

The following table sets forth the components of the revenue by business segment for the years:

| | Year ended 31 December | | | |
|------------------------------------|------------------------|--------------|---------------|--------------|
| | 2023 | | 2022 | |
| | HK\$'000 | % | HK\$'000 | % |
| Air ticket distribution | 22,134 | 21.4 | 11,430 | 25.0 |
| Travel business process management | 21,123 | 20.4 | 32,027 | 70.0 |
| Travel products and services | 60,253 | 58.2 | — | — |
| Other business process management | — | — | 2,320 | 5.0 |
| Total | 103,510 | 100.0 | 45,777 | 100.0 |

The Group's revenue increased by approximately HK\$57.7 million or approximately 126.0%, from approximately HK\$45.8 million for the year ended 31 December 2022 to approximately HK\$103.5 million for the Year. Such increase was mainly attributable to the increase in revenue generated from the air ticket distribution segment and travel products and services segment.

Air Ticket Distribution

The revenue from air ticket distribution segment increased by approximately HK\$10.7 million, or approximately 93.9%, from approximately HK\$11.4 million for the year ended 31 December 2022, to approximately HK\$22.1 million for the Year. Such increase in revenue was mainly due to an increase in transaction volume of air tickets sales and gross sales proceeds generated from air tickets sales as a result of the strong recovery of tourism across the Group's key operating regions.

Travel Business Process Management

The revenue from travel business process management segment decreased by approximately HK\$10.9 million or approximately 34.1%, from approximately HK\$32.0 million for the year ended 31 December 2022, to approximately HK\$21.1 million for the Year. Such decrease in revenue was mainly due to the Group's reduced business cooperation with certain customers with lower profit margins to improve operational efficiency and profitability.

Travel Products and Services

The revenue from travel products and services segment was approximately HK\$60.3 million for the Year, as the Group has resumed providing company-operated package tours since the first quarter of 2023 following the ease of the COVID-19 pandemic. There was no segment revenue reported for travel products and services segment for the years ended 31 December 2022, as the Group had temporarily suspended the provision of its outbound package tours due to the outbreak of COVID-19 pandemic and travel restrictions across the world.

Other Business Process Management

No revenue was recorded from this segment for the Year. The Group did not provide any business process management services during the Year following Canada's removal of COVID-19 testing requirement for international travellers. The revenue from other business process management segment was approximately HK\$2.3 million for the year ended 31 December 2022.





MANAGEMENT DISCUSSION AND ANALYSIS

GROSS PROFIT AND GROSS PROFIT MARGIN

The following table sets forth the components of the gross profit and gross profit margin by business segment:

| | For the year ended 31 December | | | |
|------------------------------------|--------------------------------|-----------------------------|--------------------------|-----------------------------|
| | 2023 | | 2022 | |
| | Gross profit HK\$'000 | Gross profit margin % | Gross profit HK\$'000 | Gross profit margin % |
| Air ticket distribution | 17,586 | 79.5 | 6,742 | 59.0 |
| Travel business process management | 14,034 | 66.4 | 15,366 | 48.0 |
| Travel products and services | 12,578 | 20.9 | — | — |
| Other business process management | — | — | 419 | 18.1 |
| Total | 44,198 | 42.7 | 22,527 | 49.2 |

The gross profit of the Group increased by approximately HK\$21.7 million or approximately 96.4%, from approximately HK\$22.5 million for the year ended 31 December 2022 to approximately HK\$44.2 million for the Year, primarily attributable to an increase in revenue generated from the Group's air ticket distribution services and travel products and services, while air ticket distribution services having an increased gross profit margin.

The overall gross profit margin of the Group decreased by approximately 6.5 percentage points, from approximately 49.2% for the year ended 31 December 2022 to approximately 42.7% for the Year, which was primarily attributable to the increase in the proportion of revenue contribution of the travel products and services segment which had a relatively lower gross profit margin as compared to other segments because the costs for company-operated cultural tours in the Greater Bay Area was relatively heavy at the Group's earlier phase of development in this market.

Air Ticket Distribution

The gross profit attributable to the air ticket distribution segment increased by approximately HK\$10.9 million or approximately 162.7%, from approximately HK\$6.7 million for the year ended 31 December 2022 to approximately HK\$17.6 million for the Year, which was due to the increase in the transaction volume of air tickets sales and the corresponding increase in gross sales proceeds as a result of the strong recovery of tourism across the Group's key operating regions. The gross profit margin for the air ticket distribution segment substantially increased by approximately 20.5 percentage points from approximately 59.0% for the year ended 31 December 2022 to approximately 79.5% for the Year, because a higher commission rate was achieved for a higher volume of air tickets sold for a pre-determined period, as agreed with the corresponding airline.

Travel Business Process Management

The gross profit attributable to the travel business process management segment decreased by approximately HK\$1.4 million or approximately 9.1%, from approximately HK\$15.4 million for the year ended 31 December 2022 to approximately HK\$14.0 million for the Year, which was due to the decrease in revenue of the travel business process management segment. The gross profit margin for the travel business process management segment increased by approximately 18.4 percentage points from approximately 48.0% for the year ended 31 December 2022 to approximately 66.4% for the Year, which was mainly because the Group reduced business cooperation with certain customers with lower profit margins to improve operational efficiency and profitability.



MANAGEMENT DISCUSSION AND ANALYSIS

Travel Products and Services

The gross profit attributable to travel products and services segment for the Year was approximately HK\$12.6 million, with a gross profit margin of approximately 20.9% as the Group has resumed providing package tours since the first quarter of 2023 following the ease of the COVID-19 pandemic. There was no gross profit attributable to travel products and services segment for the year ended 31 December 2022, as no segment revenue was recognised as a result of the Group's temporary suspension of provision of package tours due to the COVID-19 pandemic and travel restrictions across the world.

Other Business Process Management

There was no gross profit attributable to other business process management segment for the Year, as no segment revenue was recognised as a result of Canada's removal of the COVID-19 testing requirement for international travellers. The gross profit attributable to other business process management segment for the year ended 31 December 2022 was approximately HK\$0.4 million, with a gross profit margin of approximately 18.1%.

Other Income

The other income decreased by approximately HK\$1.1 million or approximately 68.8%, from approximately HK\$1.6 million for the year ended 31 December 2022 to approximately HK\$0.5 million for the Year. Such shortfall was mainly due to the one-off nature of the compensation income for early termination of lease contract received by the Group in 2022.

Selling Expenses

The selling expenses decreased by approximately HK\$0.6 million or approximately 16.7%, from approximately HK\$3.6 million for the year ended 31 December 2022 to approximately HK\$3.0 million for the Year, which was mainly due to closure of the Group's retail branches in Canada.

Administrative Expenses

The administrative expenses decreased by approximately HK\$4.9 million or approximately 11.9%, from approximately HK\$41.2 million for the year ended 31 December 2022 to approximately HK\$36.3 million for the Year, which was mainly due to a decrease in office expenses after a relocation of the Group's office in Canada in April 2022.

Reversal of Expected Credit Losses ("ECLs") Allowance on Financial Assets

The reversal of ECLs allowance on financial assets decreased by approximately HK\$2.8 million or approximately 70.0%, from approximately HK\$4.0 million for the year ended 31 December 2022 to approximately HK\$1.2 million for the Year. Such decrease was mainly attributable to the fact that as compared to the year ended 31 December 2022, the gross balance of debtors that was subject to additional ECLs allowance was higher for the Year as a result of the increased revenue of the Group in light of the continuous recovery of the travel industries.





MANAGEMENT DISCUSSION AND ANALYSIS

Profit/(loss) for the Year

The Group recognised a profit for the year of approximately HK\$2.9 million for the Year, as compared to the loss for the year of approximately HK\$13.8 million for the year ended 31 December 2022. Such turnaround was mainly attributable to:

- an increase in the Group's revenue by approximately HK\$57.7 million or approximately 126.0%, from approximately HK\$45.8 million for the year ended 31 December 2022 to approximately HK\$103.5 million for the Year as discussed in the sub-section headed "Revenue" above;

partially offset by the following:

- a decrease in the Group's overall gross profit margin from approximately 49.2% for the year ended 31 December 2022 to approximately 42.7% for the Year as discussed in the sub-section headed "Gross profit and gross profit margin" above; and
- a decrease in a reversal of ECLs allowance on financial assets of approximately HK\$2.8 million from approximately HK\$ 4.0 million for the year ended 31 December 2022 to approximately HK\$1.2 million for the Year as discussed in the sub-section headed "Reversal of ECLs allowance on financial assets" above;

FINANCIAL RESOURCES, LIQUIDITY AND CAPITAL STRUCTURE

During the Year, the Group's primary source of funding included its own working capital, the net proceeds from the listing and the credit facilities provided by the Group's principal bank in Canada.

Net cash used in operating activities was approximately HK\$24.8 million for the Year, as compared with net cash used in operating activities of approximately HK\$11.2 million for the year ended 31 December 2022. Net cash generated from investing activities was approximately HK\$0.1 million for the Year, as compared with net cash generated from investing activities of approximately HK\$10.4 million for the year ended 31 December 2022. Net cash generated from financing activities for the Year was approximately HK\$7.3 million, as compared with net cash used in financing activities of approximately HK\$1.7 million for the year ended 31 December 2022.

As at 31 December 2023, the Group's cash and cash equivalents amounted to approximately HK\$26.4 million, representing a decrease of approximately 39.7% from approximately HK\$43.8 million as at 31 December 2022.

The Group's gearing ratio is calculated based on total debt divided by the shareholders' equity at the end of the financial year and multiplied by 100%. As at 31 December 2023, the Group's gearing ratio was approximately 6.6% (2022: 8.4%). The gearing ratio decreased by approximately 1.8 percentage points, from approximately 8.4% for the year ended 31 December 2022 to approximately 6.6% for the Year. Taking into consideration the Group's current bank balances and cash, together with the credit facilities available and the expected cash flow from operations, it is anticipated that the Company should have adequate financial resources to meet its ongoing operating and development requirements.

Net Current Assets

As at 31 December 2023, the Group had net current assets of approximately HK\$20.0 million as compared with the net current assets of approximately HK\$4.2 million as at 31 December 2022.

Borrowings

As at 31 December 2023, the Group had interest-free loan from the Government of Canada under the Regional Economic Growth Through Innovation program of approximately HK\$3.3 million (2022: HK\$4.0 million), which were denominated in Canadian dollars, of which approximately HK\$0.8 million is repayable within one year, approximately HK\$0.8 million is repayable after one year but within two years, and approximately HK\$1.7 million is repayable after two years but within five years. The Directors expect that such loan will be repaid by internally generated funds.



MANAGEMENT DISCUSSION AND ANALYSIS

Treasury Policies

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the period under review. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

Financial asset at FVTPL

The current financial asset at FVTPL of approximately HK\$1.5 million as at 31 December 2023 represented a government bond issued by the Canadian government with an interest rate of 3.6% per annum with a maturity date of 15 February 2025 (2022: 1.8% per annum with a maturity date of 21 March 2023). The carrying amount of the government bond issued by the Canadian government was CAD254,000 (equivalent to approximately HK\$1,498,000) as at 31 December 2023 (2022: CAD248,000, equivalent to approximately HK\$1,426,000). Accordingly, the Group recorded a non-current financial asset at FVTPL of approximately HK\$1.5 million as at 31 December 2023.

As the highest applicable percentage ratio under Rule 14.07 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") in respect of the subscription of government bond mentioned above was less than 5.0%, such transaction was exempted from the notification, publication and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Amount due to immediate holding company

As at 31 December 2023, the Group had an amount due to immediate holding company of HK\$10.0 million, as compared to nil as at 31 December 2022. Such amount due to immediate holding company was non-trade in nature, interest-free, unsecured, repayable on demand and on normal commercial terms or better, and constituted a fully exempt financial assistance received by the Group pursuant to Rule 14A.90 of the Listing Rules.

EVENT AFTER THE REPORTING PERIOD

In early 2024, the Group entered into a non-legally binding memorandum of understanding with a travel and healthcare services provider based in Hainan, the PRC in relation to potential travel and healthcare business cooperation. Save as the aforesaid, there are no significant events subsequent to the end of the reporting period which would materially affect the Group's operating and financial performance as at the date of this report.

FOREIGN EXCHANGE RISKS

The Group has foreign currency exposures that mainly arise from the balance of assets and liabilities in currencies other than the respective group companies' functional currency. The Group's policy requires the management to control the Group's foreign exchange risk to an acceptable level by ensuring that the Group is able to obtain sufficient amount of USD at acceptable exchange rate for meeting the payment obligations arising from business operations. A net foreign exchange loss of approximately HK\$1.4 million was recorded for the year ended 31 December 2023 while a net foreign exchange gain of approximately HK\$2.3 million was recorded for the year ended 31 December 2022.

During the Year, the Group did not engage in any derivatives activities and did not commit to any financial instruments to hedge its exposure to foreign currency risk.





MANAGEMENT DISCUSSION AND ANALYSIS

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2023, the Group had a total of 71 employees as compared to 70 employees as at 31 December 2022. The total staff costs incurred by the Group for the Year were approximately HK\$31.7 million as compared to approximately HK\$46.3 million for the year ended 31 December 2022. The Group will regularly review its remuneration policy and the benefits to its employees with reference to market practice and the performance of individual employees. In addition, the Company has adopted a share option scheme on 7 May 2018 to attract and retain individuals with experience and ability and to reward them for their contributions. For details, please refer to the sub-section headed “Share option scheme” below.

MATERIAL ACQUISITION, DISPOSAL AND SIGNIFICANT INVESTMENTS

During the Year, no other significant investments, material acquisition and disposal of subsidiaries, associates or joint ventures were conducted by the Group.

PLEDGE OF ASSETS

As at 31 December 2023, the Group had government bond issued by the Canadian government of approximately HK\$1.5 million (2022: HK\$1.4 million). The bond is held as a security pledge for the operating permits required under the Quebec Travel Agents Act by the Québec L’Office de la protection du consommateur. The interest rate for the bond is 3.6% per annum with a maturity date of 15 February 2025 (2022: 1.8% per annum with a maturity date of 21 March 2023).

CONTINGENT LIABILITIES

As at 31 December 2023, the Group did not have any material contingent liabilities or guarantees.

SHARE OPTION SCHEME

The Company has adopted a share option scheme on 7 May 2018 (the “**Share Option Scheme**”). The Share Option Scheme is designed to motivate eligible participants, including executives and key employees, who may make a contribution to the Group, and enables the Group to attract and retain individuals with experience and ability and to reward them for their contributions. Other than the Share Option Scheme, the Group has no share schemes under Chapter 17 of the Listing Rules. Since the adoption of the Share Option Scheme and up to the date of this report, no share options has been granted, exercised, lapsed or cancelled under the Share Option Scheme. There were 120,000,000 share options available for grant as at both 1 January 2023 and 31 December 2023, as no share options had been granted during the Year. Please refer to the section headed “Report of the Directors - Share Option Scheme” on pages 35 to 37 of this report for a summary of the principal terms of the Share Option Scheme.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in the prospectus of the Company dated 15 June 2018 (the “**Prospectus**”), the Group did not have plans for material investments and capital assets as at 31 December 2023.



MANAGEMENT DISCUSSION AND ANALYSIS

USE OF PROCEEDS FROM THE LISTING

The shares of the Company were listed on the Stock Exchange on 28 June 2018, with net proceeds received by the Company in the amount of HK\$49.7 million after deducting underwriting commission and all related listing expenses.

An analysis of the utilisation of the net proceeds from the listing date up to 31 December 2023 is set out below:

| Use of net proceeds | Net proceeds from the share offer HK\$ million | Actual utilisation up to 31 December 2023 HK\$ million | Unutilised amounts as at 31 December 2023 HK\$ million | Expected year of full utilisation of remaining balance |
|---|---|---|---|--|
| Repayment of bank borrowings | 21.5 | 21.5 | — | — |
| Expansion of air ticket distribution business | 13.4 | 1.0 | 12.4 | 2024 |
| Upgrade the information technology infrastructure | 6.7 | 4.8 | 1.9 | 2024 |
| Expansion the travel business process management business | 6.9 | 6.9 | — | — |
| Advertising and promotion | 1.2 | 1.2 | — | — |
| | 49.7 | 35.4 | 14.3 | |

As at 31 December 2023, the net proceeds received from the listing had been, and will be used in the manner consistent with that disclosed in the Prospectus.





BIOGRAPHIES OF THE DIRECTORS AND SENIOR MANAGEMENT

BOARD OF DIRECTORS

Mr. Liu Xue Bin (“Mr. Liu”), aged 51, was appointed as an executive Director on 19 July 2021. Mr. Liu is responsible for overall strategic planning and business development of the Group. Mr. Liu is a recognised educator, philanthropist and entrepreneur. He is a co-founder and currently a director of Guangdong Guangzheng Educational Group Co., Ltd* (廣東光正教育集團有限公司), a company which principally engages in the provision of premium primary and secondary education in the PRC. He is also an executive director and one of the controlling shareholders of Wisdom Education International Holdings Company Limited (光正教育國際控股有限公司) (HKSE: 6068), an education group listed on the Main Board of the Stock Exchange which currently principally engages in the school-related supply chain business and provision of comprehensive educational services to students of primary, middle and high schools and other customers in the PRC, since June 2016. Mr. Liu also holds interest in other companies that are engaged in other businesses, including but not limited to, real estate, construction, healthcare and hotel in the PRC.

Mr. Liu completed a graduate programme on project management from the Economics Department of Peking University in March 2004. He was awarded the World Outstanding Chinese Award (世界傑出華人獎) by United World Chinese Association Limited (世界華人協會) in 2007. In 2020, he was also recognised as an individual with outstanding achievement on the 40th anniversary of private education in Guangdong (廣東民辦教育四十周年突出貢獻人物) by the Guangdong Province Private Education Association (廣東省民辦教育協會).

Dr. Kou Chung Yin Mariana (“Dr. Kou”), aged 39, was appointed as an executive Director on 19 July 2021 and is responsible for overseeing the operations, strategic management, finance functions and business development of the Group. She is also the chairperson of the Board and chief executive officer of the Company. Prior to joining the Group, she was the chief executive officer of Research Study Education Group, a company that provides overseas education services to students in the Greater Bay Area and an award-winning equity research analyst specializing in the China education industry and the global luxury goods sector. From May 2010 to November 2019, she was employed at CLSA Limited, a company that provides corporate finance and asset management services, with her last position before departure the Head of China Education and Hong Kong Consumer Research, where she was involved in 12 consumer and education business related IPOs.

Since December 2021, Dr. Kou has served as independent non-executive director at Aetherium Acquisition Corp., a special purpose acquisition company with an intention to focus on businesses in the education, training and education technology industries, which is listed on NASDAQ (NASDAQ Ticker: GMFIU). Dr. Kou was appointed a member of the modern finance industry task force of the Macau SAR Government Talent Development Committee in July 2023.

Dr. Kou has gained her global executive doctor of education degree from the University of Southern California in the United States in May 2023. She obtained a master’s degree in business administration from Columbia Business School in the United States in May 2009 and is a graduate of the innovation and entrepreneurship certificate program from Stanford University, the United States, in January 2016. She received her bachelor’s degree in business administration with magna cum laude and Raymond P. Kent Award from the University of Notre Dame, the United States, in May 2005. She was certified as chartered financial analyst by the Chartered Financial Analyst Institute since September 2011 and has been a member of global business honor society Beta Gamma Sigma since 2005 and economics honor society Omicron Delta Epsilon since 2004. She has also been a member of education honor society Kappa Delta Pi since January 2022.



BIOGRAPHIES OF THE DIRECTORS AND SENIOR MANAGEMENT

NON-EXECUTIVE DIRECTOR

Mr. Liu Jiefeng, aged 32, was appointed as a non-executive Director on 19 July 2021. Mr. Liu Jiefeng is the deputy manager of Andres International Education Group* (安德列斯教育集團), an education group that provides nursery programmes in the PRC, since April 2019, where he is primarily responsible for formulating the annual investment plan and overseeing the daily operations of kindergartens that are operated by the group. Prior to joining Andres International Education Group, from November 2014 to March 2016, Mr. Liu Jiefeng was a chairman assistant at Dongguan Fuying Real Estate Development Co., Ltd* (東莞市富盈房地產開發有限公司), a PRC based property developer, where he was responsible for the liaison with and coordination between different departments within the group. From March 2014 to October 2014, Mr. Liu Jiefeng was a general manager's assistant at Dongguan Fuying Hotel Management Co., Ltd.* (東莞市富盈酒店管理有限公司), where he was principally responsible for assisting the general manager on the day-to-day business operations. Mr. Liu Jiefeng obtained his master's degree in business administration from City University in Malaysia in 2019.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Fong Wai Bun Benny ("Mr. Fong"), aged 50, was appointed as an independent non-executive Director on 19 July 2021. Mr. Fong is the Chief Strategy Officer at I.T. Limited, a Hong Kong company that is engaged in the retailing of fashion apparels and accessories, since August 2011, where he is primarily responsible for overseeing the corporate finance and strategic development of the group. From May 2008 to May 2011, he was the portfolio manager at Adept Capital Partners, a Hong Kong based boutique investment firm, where he was responsible for formulating and managing the firm's investment portfolios.

Mr. Fong obtained a master's degree in finance from Illinois Institute of Technology in the United States in August 2001 and a master's degree in economics from York University in Canada in August 1998.

Ms. Kwan Ka Yee ("Ms. Kwan"), aged 43, was appointed as an independent non-executive Director on 19 July 2021. Ms. Kwan is the finance and operation director of Voyager Capital Limited, a Hong Kong based private equity firm that provides investment management and advisory services, since July 2019, where Ms. Kwan is primarily responsible for overseeing the daily operations, formulating budget and performance measures, and preparation of the firm's audit and tax filing matters. From April 2015 to May 2018, Ms. Kwan was the finance director at Lombard Odier (Hong Kong) Limited, an investment advisor that provides wealth management services for private and institutional clients in Asia, where Ms. Kwan was responsible for formulating budget and performance measures for Asia. From June 2012 to August 2014, Ms. Kwan was the controller at the finance team of Lombard Odier Asset Management (USA) Corporation, an investment management company based in the United States that offers asset management, equities, financial planning and advisory services, where she was responsible for managing the finance function of the company including reviewing the funds' performance and preparing year-end audit. From June 2012 to August 2014, Ms. Kwan was an assistant controller at M.D. Sass Investors Services, Inc., an asset management firm in New York, where she was mainly responsible for reviewing year-end financial statements and the investment portfolios of various funds. From October 2008 to April 2010, Ms. Kwan was the accounting manager of finance department at Apax Partners, a private equity firm, where she was responsible for preparing quarterly and year-end balances and financial statements for private equity funds.

Ms. Kwan is an inactive certified public accountant in the state of New York. Ms. Kwan holds a bachelor's degree in business administration from Boston University in the USA in May 2002.



BIOGRAPHIES OF THE DIRECTORS AND SENIOR MANAGEMENT

Ms. Suen Yin Wah Chloe (“Ms. Suen”), aged 41, was appointed as an independent non-executive Director on 19 July 2021. Ms. Suen is the vice chairman and chief executive officer at ASL Group, a company with a diversified investment portfolio in Asia and where she is primarily responsible for all investments and operations. She is also the chairman of Simon Suen Foundation, a charitable organization in Hong Kong that promotes Chinese arts and culture and operates the Sun Museum. She is a member of the Court at Hong Kong Baptist University and serves on multiple school boards in Hong Kong and the United States.

| Name of the entities/ governmental appointments | Position | Period |
|---|------------------|------------------------------|
| Chief Executive’s Policy Unit Expert Group | Member | From May 2023 to present |
| Hong Kong Arts Development Council | Member | From January 2023 to present |
| Museum Advisory Committee | Member | From October 2022 to present |
| Sha Tin Arts and Culture Promotion Committee | Vicechairperson | From July 2020 to present |
| Appeal Board Panel (Gas Safety) | Member | From August 2018 to present |
| Advisory Committee on Built Heritage Conservation | Member | From May 2018 to present |
| Intangible Cultural Heritage Advisory Committee | Member | From January 2019 to present |
| The 13th Guangxi Zhuang Autonomous Region Committee of the Chinese People’s Political Consultative Conference* (中國人民政治 協商會議第十三屆廣西壯族自治區委員會) | Committee Member | From January 2023 to present |

Ms. Suen received her doctoral degree of humanities, honoris causa from the Hong Kong Baptist University in November 2022. She obtained her master of liberal arts in extension studies in the field of museum studies from Harvard University in the United States in November 2021 and her master of arts in organizational psychology from Columbia University in the United States in February 2009. Ms. Suen graduated from Carnegie Mellon University in the United States with a bachelor of art in philosophy and a bachelor of science in business administration in May 2004.

SENIOR MANAGEMENT

Mrs. Rita Pik Fong Tsang (“Mrs. Tsang”), aged 70, is one of the founders of the Group. Mrs. Tsang successively served as vice president, president and chief executive officer, and chairperson of our subsidiaries Tour East Holidays (Canada) Inc. (“**Tour East Canada**”) and Tour East Holidays (New York) Inc. (“**Tour East New York**”), respectively, since their establishments, and has been primarily responsible for their overall management. Mrs. Tsang has over 40 years of experience in the travel and tourism industry through managing the operations of the Group since its inception in 1976. Mrs. Tsang obtained her Bachelor of Arts degree in general studies from University of Toronto in Canada in June 1978.

Ms. Annie Shuk Fong Tsu (also known as Shuk Fong Anne Tsu) (“**Ms. Tsu**”), aged 62, joined the Group in January 1983 as a travel consultant of Tour East Canada and was responsible for sales and marketing. She successively served various positions in Tour East Canada, including vice president overseeing marketing from September 1992 to December 2000, executive vice president overseeing marketing and information technology from September 2001 to December 2009, president in charge of sales and overall operations from December 2010 to April 2017, and president and chief executive office overseeing the operations and management of Tour East Canada since May 2017. Since January 1992, Ms. Tsu also successively served as vice president and executive vice president of Tour East New York, and has been serving as its president and chief executive officer overseeing its operations and management since December 2015. Ms. Tsu was awarded Ernst & Young Entrepreneur of the Year Award in tourism and hospitality in Ontario in 2010. Ms. Tsu attended University of Toronto in Canada from September 1980 to 1982.



BIOGRAPHIES OF THE DIRECTORS AND SENIOR MANAGEMENT

Mr. Anthony Kin Fai Chiu (“Mr. Chiu”), aged 63, joined our Group as a financial controller in August 2014 and is currently the chief financial officer of Tour East Canada where he is primarily responsible for accounting organization, financial planning, tax planning and treasury in Canada. Mr. Chiu has over 25 years experience in auditing, accounting and finance fields. Prior to joining the Group, from November 2006 to November 2012, he served as a group financial controller at North China German Auto Ltd., an auto dealership group, where he was primarily responsible for financial, treasury and administration matters. From August 2002 to October 2006, he served as a financial controller at Sime Darby Ltd., an auto dealership group, where he was primarily responsible for financial matters. From December 1997 to July 2002, he served as a financial analysis manager at Tetra Pak Hong Kong, a company principally engaged in food packaging, where he was principally responsible for business and financial analysis. He served as auditor at various accounting firms from August 1991 to November 1997. Mr. Chiu has been an independent non-executive director of Sigma Equity VA Fund since December 2015.

Mr. Chiu obtained his Bachelor of Science degree and master’s degree in business administration in February 1988 from State University of New York at Buffalo in the United States. He has been a member of the American Institute of Certified Public Accountants since October 1996, a fellow member of Hong Kong Society of Accountants since October 2004, and a certified public accountant in the State of Illinois in the United States since August 1996.

Ms. Wendy Law (“Ms. Law”), aged 70, joined the Group as a wholesale manager of air reservation unit of Tour East Canada in January 2004 where she was principally responsible for managing wholesale and ticketing operations. Ms. Law was promoted to general manager in August 2006 and further to director of air market where she is principally responsible for overseeing the business operations of retail business unit and air market. Ms. Law has over 30 years experience in travel industry. Prior to joining the Group, from March 2002 to October 2003, Ms. Law served as a director and officer of Travel Unique Inc. From April 1988 to May 2002, Ms. Law successively served as a wholesale sales manager and wholesale operations manager of Jade Tours, a company principally engaged in the provision of travel services, where she was primarily responsible for provision of travel arrangements to retail and corporate customers. From February 1976 to July 1986, Ms. Law worked at Cathay Pacific Airways Limited and last served as a senior purser. She was qualified as a flight attendant on Worldways Canada Ltd. in May 1987. Ms. Law obtained her high school education from St. Margaret’s Girls College in Hong Kong from September 1965 to July 1970.

Mr. Ruixi Chen (“Mr. Chen”), aged 38, joined the Group as a general manager of Cinese Zhuoling Culture (Dongguan) Co., Ltd.* (富盈卓領文化(東莞市)有限公司) (a wholly-owned subsidiary of the Company) in July 2022, and he is principally responsible for overseeing the business operations of the travel business unit in the PRC. Mr. Chen has over 15 years of experience in the travel industry in the PRC. Prior to joining the Group, from June 2008 to May 2015, Mr. Chen served as a sales manager of Guangdong Cits Corporation Limited* (中國國旅(廣東)國際旅行社股份有限公司), a company principally engaged in the provision of travel and tourism services where he was primarily responsible for provision of travel arrangements to retail and corporate customers. From July 2015 to June 2021, Mr. Chen served as a deputy general manager of Guangdong Jinyun International Travel Agency Co., Ltd.* (廣東金運國際旅行社有限公司), a travel and tourism services provider in the PRC where he was primarily responsible for overseeing its business operations and making strategic planning on overall travel arrangement. Mr. Chen graduated from the Guangdong Vocational College of Post and Telecom in the PRC in June 2008 upon completion of a 3-year programme in computer application technology.





BIOGRAPHIES OF THE DIRECTORS AND SENIOR MANAGEMENT

COMPANY SECRETARY

Mr. Chow Kai Yu (“Mr. Chow”), aged 42, was appointed as the company secretary of the Company on 15 September 2017. Mr. Chow joined the Group in July 2017 and is currently the chief financial officer of the Group. Prior to joining the Group, from September 2014 to June 2017, Mr. Chow served successively as an assistant finance manager and finance manager at Chim Kee Machinery Co., Ltd., a company primarily engaged in construction machinery business, where he was primarily responsible for overseeing and enhancing the accounting function of company’s accounts and finance department. He worked at BDO Limited from May 2009 to September 2014 where he last served as an assistant manager and was primarily responsible for audit service. From August 2008 to April 2009, he served as an assistant in the audit and assurance division of Shu Lun Pan Hong Kong CPA Limited, an accounting firm, where he was responsible for audit service.

Mr. Chow obtained his Bachelor of Science degree in physics from The Hong Kong University of Science and Technology in November 2005 and his Master of Science degree in materials science and engineering from The Hong Kong University of Science and Technology in November 2006. He has been a member of Hong Kong Institute of Certified Public Accountants since January 2013.



CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Company is committed to fulfilling its responsibilities to Shareholders and protecting and enhancing Shareholders' value through good corporate governance. The Directors recognise the importance of incorporating elements of good corporate governance in the management structures, internal control and risk management procedures of the Group so as to achieve effective accountability. The Company's corporate governance practices are based on the principles (the "Principles") and code provisions (the "Code Provisions") in the Corporate Governance Code (the "CG Code") as set out in Appendix C1 to the Listing Rules.

The Company has adopted and complied with all applicable Code Provisions as set out in the CG Code (other than provision C.2.1) for the year ended 31 December 2023 and thereafter up to the date of this report.

CG Code Provision C.2.1 stipulates that the roles of chairman and chief executive should be separated and should not be performed by the same individual. Dr. Kou Chung Yin Mariana is the chairperson of the Board and the chief executive officer of the Company. The Board is of the opinion that vesting the roles of both chairman and chief executive in Dr. Kou has the benefit of ensuring consistent leadership within the Group thus enabling more effective and efficient strategic planning for the Group. The Board also believes that the balance of power and authority is not compromised and is adequately ensured by the composition of the existing Board. Therefore, the Directors consider that the deviation from the CG Code Provision C.2.1 is appropriate in such circumstances.

BOARD OF DIRECTORS

Responsibilities

The Board is charged with promoting the success of the Company by directing and supervising its affairs. The Board has general powers for the management and conduct of the Company's business. The day-to-day operations and management are delegated by the Board to the management of the Company, who will implement the strategy and direction as determined by the Board.

Composition

The Company is committed to the view that the Board should include a balanced composition of executive, non-executive and independent non-executive Directors so that the Board has a strong independent element, which can effectively exercise independent judgment.

The composition of the Board is currently as follows:

Executive Directors

Dr. Kou Chung Yin Mariana (Chairperson
and Chief Executive Officer)
Mr. Liu Xue Bin

Non-executive Director

Mr. Liu Jiefeng

Independent Non-executive Directors

Mr. Fong Wai Bun Benny
Ms. Suen Yin Wah Chloe
Ms. Kwan Ka Yee

The Board members have no financial, business, family or other material/relevant relationship with each other except those disclosed in the in the section headed "Biographies of the Directors and Senior Management" of this report. Given the business nature and scope of the Company, the Board has appropriate skill and experience for the requirements of the business of the Company.





CORPORATE GOVERNANCE REPORT

Responsibilities of executive Directors

The executive Directors are responsible for the leadership and control of the Company and overseeing the Group's businesses development, strategic formulation and are collectively responsible for promoting the success of the Company by directing and supervising its affairs.

Responsibilities of independent non-executive Directors

The independent non-executive Directors participate in the Board meetings to bring in an independent judgment to bear on the issues of strategy, policy, performance, accountability, resources, key appointments and standards of conducts and scrutinise the Company's performance in achieving agreed corporate goals and objectives. They are also responsible for ensuring a high standard of financial and other mandatory reporting of the Board as well as providing a balance in the Board in order to effectively exercise an independent judgment on the corporate actions of the Company so as to protect Shareholders' interest and the overall interest of the Group.

Throughout the year ended 31 December 2023, the Company had three independent non-executive Directors, which met the requirements of the Listing Rules that the number of independent non-executive Directors must represent at least one-third of the Board and should not be less than three, and that at least one of the independent non-executive Directors has appropriate professional qualifications or accounting or related financial management expertise.

Each of the independent non-executive Directors has made an annual confirmation of independence in writing pursuant to Rule 3.13 of the Listing Rules and the Board is satisfied that all the independent non-executive Directors have been independent and met the independence guidelines set out in Rule 3.13 of the Listing Rules during the year ended 31 December 2023 and up to the date of this report.

Remuneration

The Directors and senior management of the Group receive remuneration in the form of salaries, allowances and other benefits, including our contribution on defined contribution retirement plans.

The aggregate amount of remuneration (including salaries, allowances, discretionary bonuses, other benefits and contributions to pension schemes) paid or payable to the senior management of the Group for the year ended 31 December 2023 was approximately HK\$5.3 million.

The remuneration of the Directors is determined with reference to salaries paid by comparable companies, time commitment and responsibilities of the Directors and performance of the Group. Details of the remuneration of the Directors for the year ended 31 December 2023 are set out in note 9 to the consolidated financial statements in this report. In addition, pursuant to Code Provision E.1.5 of the CG Code, the annual remuneration of members of the senior management (excluding Directors) by band for the year ended 31 December 2023 is set out below:

| In the band of | Number of individuals |
|--------------------------------|-----------------------|
| Nil to HK\$500,000 | 1 |
| HK\$500,001 to HK\$1,000,000 | 2 |
| HK\$1,000,001 to HK\$1,500,000 | 1 |
| HK\$1,500,001 to HK\$2,000,000 | — |
| HK\$2,000,001 to HK\$2,500,000 | 1 |



CORPORATE GOVERNANCE REPORT

Directors' induction and continuing professional development

Each of the Directors has received formal, comprehensive and tailored induction and training on the first occasion of his/her appointment to ensure that he/she (i) has a proper understanding of the Company's operations and business, and (ii) is fully aware of the Director's responsibilities under statute and common law, the Listing Rules, other legal and regulatory requirements and the Company's business and governance policies.

The Company will from time to time provide briefings to all Directors to develop and refresh their duties and responsibilities by providing them materials relating to duties and responsibilities of directors of a listed company in Hong Kong and the requirements of the Listing Rules and other applicable laws and regulations. Each of the Directors, namely, Dr. Kou Chung Yin Mariana, Mr. Liu Xue Bin, Mr. Liu Jiefeng, Mr. Fong Wai Bun Benny, Ms. Suen Yin Wah Chloe and Ms. Kwan Ka Yee has participated in continuous professional development during the year ended 31 December 2023. All Directors are also encouraged to attend relevant training courses at the Company's expense to develop and refresh their knowledge and skills as part of their continuous professional development.

Meetings of Board and Board committees and Directors' attendance records

Notice of regular Board meetings is served on all Directors at least 14 days before the meeting. For other Board and Board committee meetings, reasonable notice is given.

Board papers together with all appropriate, complete and reliable information are sent to all Directors at least three days before each Board or Board committee meeting to keep Directors apprised of the latest developments and financial position of the Company and to enable them to make informed decisions. The Board and each Director also have separate and independent access to the senior management of the Company where necessary.

The minutes of Board and Board committee meetings are kept by the company secretary of the Company ("**Company Secretary**") and are open for inspection by any Director. The minutes of Board and Board committee meetings record in sufficient detail the matters considered and decisions reached, including any concerns raised by Directors or dissenting views expressed. Draft and final versions of minutes are sent to all Directors for their comments and records respectively, within a reasonable time after the meetings are held.

During the year ended 31 December 2023, (A) a total of four Board meetings were held whereat the Board (i) reviewed the unaudited consolidated financial results of the Company for the six months ended 30 June 2023 and the audited consolidated financial results of the Company for the year ended 31 December 2022; and (ii) considered and approved the overall strategies and policies of the Group; and (B) one annual general meeting was held for the year ended 31 December 2022 in June 2023. The attendance of individual Directors at the Board meetings and general meeting are set out in the following table:

| Name of Directors | Attended/Eligible to attend | |
|--|-----------------------------|-----------------|
| | Board meeting | General meeting |
| Dr. Kou Chung Yin Mariana (<i>Chairperson</i>) | 4/4 | 1/1 |
| Mr. Liu Xue Bin | 4/4 | 1/1 |
| Mr. Liu Jiefeng | 4/4 | 1/1 |
| Mr. Fong Wai Bun Benny | 4/4 | 1/1 |
| Ms. Kwan Ka Yee | 4/4 | 1/1 |
| Ms. Suen Yin Wah Chloe | 4/4 | 1/1 |

During the year ended 31 December 2023, the chairperson of the Board also had a meeting with all independent non-executive Directors without the present of other Directors as required under CG Code provision C.2.7.





CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the functions set out in the Code Provision A.2.1 of the CG Code. The Board reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code and written employee guidelines, and the Company's compliance with the CG Code and disclosure in this corporate governance report.

BOARD COMMITTEES

The Company has three board committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee. Each of the Board committees operates under its terms of reference. The terms of reference of the Board committees are available on the websites of the Company and the Stock Exchange.

Audit Committee

The Company established an Audit Committee on 7 May 2018 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph D.3 of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules. The Audit Committee consists of three independent non-executive Directors, being Ms. Kwan Ka Yee, Mr. Fong Wai Bun Benny and Ms. Suen Yin Wah Chloe. The Audit Committee is chaired by Ms. Kwan Ka Yee. The Audit Committee has reviewed this report, including the audited consolidated financial results of the Group for the year ended 31 December 2023.

The main responsibilities of the Audit Committee are to review the Group's financial information and the auditors' reports and monitor the integrity of the consolidated financial statements of the Group as well as overseeing the financial reporting process, risk management and internal control system (including the need to setup internal audit function) of the Group and assisting the Board to fulfill its responsibility over the audit. Other responsibilities include making recommendations to the Board on the appointment, reappointment and removal of external auditor, approval of the remuneration and terms of the engagement of the external auditor, and any other matters arising from the above. The Audit Committee is also responsible for performing the Company's corporate governance functions and serves as a channel of communication between the Board and the external auditor.

During the year ended 31 December 2023, three Audit Committee meetings were held whereat the Audit Committee (i) reviewed the unaudited consolidated financial results of the Company for the six months ended 30 June 2023 and the audited consolidated financial results of the Company for the year ended 31 December 2022; and (ii) reviewed the internal control and risk management system of the Group. The attendance of individual members was set out in the following table:

| Name of Directors | Attended/ Eligible to attend |
|--|---------------------------------|
| Ms. Kwan Ka Yee (<i>Chairperson</i>) | 3/3 |
| Mr. Fong Wai Bun Benny | 3/3 |
| Ms. Suen Yin Wah Chloe | 3/3 |



CORPORATE GOVERNANCE REPORT

Remuneration Committee

The Company has established a Remuneration Committee on 7 May 2018 with its terms of reference in compliance with Rule 3.25 of the Listing Rules and Code Provision E.1.2 of the CG Code. The Remuneration Committee currently consists of three members, namely Mr. Fong Wai Bun Benny (chairperson of the Remuneration Committee) and Ms. Kwan Ka Yee, both being independent non-executive Directors, and Mr. Liu Xue Bin, being an executive Director.

The primary objectives and duties of the Remuneration Committee were set out in its terms of reference adopted in compliance with the requirements under the CG Code, which include making recommendations to the Board on the remuneration policy and structure and remuneration packages and employee benefit arrangement of the Directors and the senior management of the Company, and reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules.

The Remuneration Committee has adopted the model described in Code Provision E.1.2(c) (ii) of the CG Code (i.e. make recommendation to the Board on the remuneration packages of individual executive Director and senior management of the Company).

During the year ended 31 December 2023, one Remuneration Committee meeting was held whereat the Remuneration Committee has considered and reviewed the terms of employment contracts of the executive Directors and appointment letters of the non-executive Director and the independent non-executive Directors and has assessed the performance of the Directors. The attendance of individual members was set out in the following table:

| Name of Directors | Attended/ Eligible to attend |
|---|---------------------------------|
| Mr. Fong Wai Bun Benny (<i>Chairperson</i>) | 1/1 |
| Mr. Liu Xue Bin | 1/1 |
| Ms. Kwan Ka Yee | 1/1 |

Nomination Committee

The Company has established a Nomination Committee on 7 May 2018 with its terms of reference in compliance with Code Provision B.3.1 of the CG Code. The Nomination Committee currently consists of three members, namely Ms. Suen Yin Wah Chloe (chairperson of the Nomination Committee) and Mr. Fong Wai Bun Benny, both being independent non-executive Directors and Dr. Kou Chung Yin Mariana, an executive Director.

The Nomination Committee is responsible for reviewing the structure, size and diversity (including without limitation, gender, age, cultural and educational background, skills, knowledge and professional experience) of the Board at least annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy, identifying individuals suitably qualified to become members of the Board and selecting or making recommendations to the Board on the selection of individuals nominated for directorships, and considering candidates on merit and against objective criteria with due regard to the Board diversity policy (the "**Board Diversity Policy**") as set out below. The committee is also responsible for reviewing the Board Diversity Policy and the measurable objectives, the progress on achieving the objectives, assessing the independence of independent non-executive Directors and making recommendations to the Board on the appointment or re-appointment of directors and succession planning for directors, in particular, the chairman and the chief executive officer of the Company, taking into account diversity and other factors.

The criteria for the committee to select and recommend a candidate for directorship include the candidate's reputation for integrity, qualifications, skills and knowledge, experience, commitment in respect of available time, independence and gender diversity.





CORPORATE GOVERNANCE REPORT

During the year ended 31 December 2023, one Nomination Committee meeting was held whereat the Nomination Committee reviewed the structure, size and diversity of the Board and assessed the independence of the independent non-executive Directors. The attendance of individual members was set out in the following table:

| Name of Directors | Attended/ Eligible to attend |
|---|---------------------------------|
| Ms. Suen Yin Wah Chloe (<i>Chairperson</i>) | 1/1 |
| Mr. Fong Wai Bun Benny | 1/1 |
| Dr. Kou Chung Yin Mariana | 1/1 |

Board Diversity Policy

The Board has adopted the Board Diversity Policy. The Company seeks to achieve Board diversity through the consideration of a number of factors in the Board members' selection process, including but not limited to gender, age, cultural and educational background, race, professional experience and industry experience. These factors will be considered in determining the optimum composition of the Board and all Board appointments will be based on meritocracy, having due regard to the Group's business needs from time to time while taking into account diversity. The Board considers that the current Board composition has provided the Company with a good balance and diversity of skills and experience appropriate to the requirements of its business. The Board will continue to review its composition from time to time taking into consideration specific needs for the Group's business, with the objective of achieving gender parity on Board level in the long run.

RISK MANAGEMENT AND INTERNAL CONTROL

The Company has in place policies and procedures in relation to risk management and internal control. The Board is responsible for evaluating and determining the nature and extent of the risks that the Company is willing to take in achieving the Company's strategic objectives, and ensuring that the Company establishes and maintains appropriate and effective risk management and internal control systems. The Board oversees management in the design, implementation and monitoring of the risk management and internal control systems. The Board acknowledges that such risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss.

Main Features of Risk Management and Internal Control Systems

The key elements of the Company's risk management and internal control systems include the establishment of strategic risk register to monitor, evaluate and assess the identified risks. The Company updates the risk responses for each key risk identified to ensure the effectiveness of the mitigation procedures on an ongoing basis. The significance of the risks reflects the level of management's attention and risk responses. Risk management process is integrated with the internal control system, so that the Company's ability to handle risks that hinder the achievement of financial, operational and compliance goals is strengthened and the allocation of resources on control measures against specific or high risks areas is more adequate.



CORPORATE GOVERNANCE REPORT

Process used to identify, evaluate and manage significant risks

The Company develops a preliminary inventory of events that could influence the achievement of the Company's business objectives. The Company identifies outside and inside events by reviewing its external and internal environment and stakeholders, which have an influence or potential influence on the Company's ability to achieve its strategies and business objectives. The risk identification process takes place at least once a year. Furthermore, any risk events and incidents identified by the operating units and support functions will be reported to the management in a timely manner.

The risks identified are evaluated according to the frequency and probability of their occurrence and the significance of their impact on the achievement of the Company's business objectives. The Company selects and deploys the corresponding risk responses and investigates the mitigation procedures to be executed to ensure the identified significant risks were managed to an acceptable level.

Process used to review the effectiveness of the Risk Management and Internal Control Systems

During the year ended 31 December 2023, the Board, through the Audit Committee, has conducted a review of the effectiveness of the risk management and internal control systems of the Group covering all material controls, including financial, operational and compliance controls functions. The Board considers that the Group's risk management and internal control systems are adequate and effective. The Audit Committee also reviews the effectiveness of the actions taken on the recommendations made by the external auditor in this respect, if any. Moreover, an annual review on the need for an internal audit function had been conducted by the Audit Committee and it was unanimously resolved that, in view of the relatively straight-forward business of the Group, there was no impending need for the Company to set up an internal audit function. The Company will keep abreast of any regulatory requirements in this regard and periodic review will be conducted.

The Board, with the concurrence of the Audit Committee, is of the opinion that the system of internal controls and risk management that has been maintained by the management throughout the Year is adequate and effectively meets the needs of the Group in its current business environment, and addresses the financial, operational, compliance and information technology risks. The Board expects that a review of the risk management and internal control systems will be performed annually.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules as the code of conduct of the Company regarding Directors' transactions of the listed securities of the Company. The Company has made specific enquiry to all Directors, and all Directors have confirmed that they had complied with the Model Code and its code of conduct during the Year and up to the date of this report.





CORPORATE GOVERNANCE REPORT

EXTERNAL AUDITOR AND REMUNERATION

The statement of the Company's auditors about their reporting responsibilities for the consolidated financial statements is set out in the "Independent Auditor's Report" on pages 40 to 44 of this report.

For the year ended 31 December 2023, the remuneration payable or paid to the Company's auditors, BDO Limited and its affiliates, is as follows:

| | For the year ended 31 December 2023 HK\$'000 |
|--|--|
| Statutory audit services | 1,575 |
| Non-assurance services ^(Note) | 582 |
| | 2,157 |

Note: the non-assurance services primarily pertain to interim review service and tax-filing related services.

ACCOUNTABILITY AND AUDIT

The Directors are responsible for overseeing the preparation of the consolidated financial statements which give a true and fair view of the state of affairs of the Group and of the results and cash flow during the reporting period. In preparing the consolidated financial statements for the year ended 31 December 2023, the Directors have selected suitable accounting policies and applied them consistently, made judgments and estimates that are prudent, fair and reasonable and prepared the consolidated financial statements on a going concern basis. There are no material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. A statement from the external auditors about its reporting responsibilities on the consolidated financial statements is set out in the "Independent Auditor's Report" on pages 40 to 44 of this report.

INSIDE INFORMATION POLICY

The Company has established policies for the handling and dissemination of inside information. Such policy is set out inside the staff manual and all staff is required to comply with such policy. In addition, each level of personnel of the Group is granted specific level of access to price sensitive and inside information. The Directors, senior management and employees are informed with the latest regulatory updates.

COMPANY SECRETARY

Mr. Chow Kai Yu, the Company Secretary, has complied with the relevant professional training requirement under Rule 3.29 of the Listing Rules during the Year. All members of the Board have access to the advice and services of the Company Secretary. The appointment and removal of the Company Secretary has been/will be subject to the Board's approval.



CORPORATE GOVERNANCE REPORT

SHAREHOLDERS' RIGHTS

Procedures for Shareholders to convene an extraordinary general meeting

- Pursuant to the memorandum and articles of association of the Company (the “**Memorandum and Articles**”), any one or more Shareholders holding, at the date of deposit of the requisition, in aggregate not less than one-tenth of the voting rights (on a one vote per share basis) in the share capital of the Company (the “**Eligible Shareholder(s)**”) shall at all times have the right, by written requisition to the Board or the Company Secretary, to require an extraordinary general meeting (“**EGM**”) to be called by the Board for the transaction of any business specified in such requisition.
- Eligible Shareholder(s) who wish to convene an EGM must deposit a written requisition (the “**Requisition**”) signed by the Eligible Shareholder(s) concerned to the principal place of business of the Company in Hong Kong, at Unit No. 1814 & 1815 on 18th Floor, Star House, No.3 Salisbury Road, Kowloon, Hong Kong, for the attention of the Company Secretary.
- The Requisition must state clearly the name of the Eligible Shareholder(s) concerned, his/her/their shareholding in the Company, the reason(s) to convene an EGM, the agenda proposed to be included and the details of the business(es) proposed to be transacted at the EGM. The Requisition must be signed by the Eligible Shareholder(s) concerned.
- The Company will check the Requisition and the identity and the shareholding of the Eligible Shareholder(s) will be verified with the Company’s branch share registrar. If the Requisition is found to be proper and in order, the Company Secretary will ask the Board to convene an EGM within two months and/or include the proposal or the resolution proposed by the Eligible Shareholder(s) at the EGM after the deposit of the Requisition.
- If within 21 days of the deposit of the Requisition the Board has not advised the Eligible Shareholders of any outcome to the contrary and fails to proceed to convene such EGM, the Eligible Shareholder(s) himself/herself/ themselves may do so in accordance with the Memorandum and Articles, and all reasonable expenses incurred by the Eligible Shareholder(s) concerned as a result of the failure of the Board shall be reimbursed to the Eligible Shareholder(s) concerned by the Company.

Putting enquiries by Shareholders to the Board

Shareholders may send their enquiries and concerns to Board by addressing them to the principal place of business of the Company in Hong Kong at Unit No. 1814 & 1815 on 18th Floor, Star House, No.3 Salisbury Road, Kowloon, Hong Kong by post or email to Mr. Chow Kai Yu at enquiry@cighl.com, for the attention of the Company Secretary.

Procedures for Shareholders to put forward proposals at Shareholders’ meeting

Pursuant to the Memorandum and Articles, any one or more Shareholders holding, as at the date of deposit of the requisition, in aggregate not less than one-tenth of the voting rights (on a one vote per share basis) in the share capital of the Company shall at all times have the right, by written requisitions to the Board or the Company Secretary, add resolutions to the agenda of a general meeting.





CORPORATE GOVERNANCE REPORT

INVESTOR RELATIONS AND EFFECTIVE COMMUNICATIONS WITH SHAREHOLDERS

The Company is committed to a Shareholders' communication policy of open and regular communication and reasonable disclosure of information to its Shareholders. Information of the Company is disseminated to the Shareholders in the following manner:

- Delivery of annual and interim results and reports to all Shareholders;
- Publication of announcements regarding the annual and interim results on the Stock Exchange's website, and issue of other announcements and Shareholders' circulars in accordance with the continuing disclosure obligations under the Listing Rules; and
- The general meeting of the Company is also an effective communication channel between the Board and Shareholders.

All resolutions put forward at Shareholder meetings will be voted by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and the Stock Exchange after each Shareholder meeting.

The Shareholders' communication policy is reviewed by the Board on a regular basis. By reviewing the views of Shareholders that have been received as well as assessing how the opinions of Shareholders have been considered in reaching important strategic decisions during year ended 31 December 2023, the Board is satisfied that the current Shareholders' communication policy is adequate and effective.

DIVIDEND POLICY

The Board considers sustainable returns to shareholders whilst retaining adequate reserves for the Group's future development to be an objective. Under the dividend policy adopted by the Company, dividends may be declared from time to time and be paid to Shareholders provided that the Group is profitable and without affecting the normal operations of the Group. In summary, the declaration of dividends and the dividend amount shall be determined at the sole and absolute discretion of the Board taking into account the following factors:

- the Group's financial performance;
- the liquidity position and capital requirements of the Group; and
- any other factors that the Board may consider appropriate.

CONSTITUTIONAL DOCUMENTS

Pursuant to the Shareholders' approval at the annual general meeting of the Company held on 28 June 2023, the Memorandum and Articles had been amended and the amended version had been adopted by the Company on the same date. For further details, please refer to the circular of the Company dated 25 May 2023. Save as the aforesaid, there had been no other changes in the Memorandum and Articles during the Year.

A copy of the latest version of the Memorandum and Articles are available on the website of the Company and the Stock Exchange.



REPORT OF THE DIRECTORS

REPORT OF THE DIRECTORS

The Board is pleased to present to the Shareholders their report for the year ended 31 December 2023 and the consolidated financial statements as at and for the year ended 31 December 2023.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The Group is engaged in air ticket distribution, travel business process management, other business process management and travel products and services in Canada, the United States and the People's Republic of China.

BUSINESS REVIEW

Further discussion and analysis of the Group's principal activities as required by Schedule 5 to the Companies Ordinance (Cap. 622 of the Laws of Hong Kong), including a business review of the Group for the Year and an indication of likely future developments in the Group's business, can be found in the Management Discussion and Analysis as set out on pages 7 to 13 of this report.

An analysis of the Group's performance during the year ended 31 December 2023 using financial key performance indicators is provided in the Financial Summary on page 114 of this report. These discussions form part of this directors' report.

PRINCIPAL RISKS AND UNCERTAINTIES

The Directors are aware that the Group's financial condition, results of operations, businesses and prospects may be affected by a number of risks and uncertainties. The key risks and uncertainties identified by the Group are set out as follows:

- inclement weather, natural or man-made disasters or political events like acts or threats of terrorism, hostilities, war and labor disputes or strikes;
- factors that affect demand for travel such as outbreaks of epidemic or contagious diseases, increases in fuel prices, changing attitudes towards the environmental costs of travel and safety concerns;
- factors that affect supply of travel such as changes to regulations governing airlines and the travel and tourism industry, like government sanctions that do or would prohibit doing business with certain state-owned travel providers, work stoppages or labor unrest at any of the major airlines, hotels or airports;
- financial instability of travel providers and the impact of any fundamental corporate changes to such travel providers, such as airline bankruptcies or consolidations, on the cost and availability of travel content; and
- general economic conditions.

For other risks and uncertainties faced by the Group, please refer to the section headed "Risks Factors" in the Prospectus.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

The Group recognises the importance of compliance with the requirements of relevant laws and regulations. During the year ended 31 December 2023, as far as the Board and management are aware of, there was no material breach or non-compliance with any applicable laws and regulations by the Group that would have a significant impact on the businesses and operations of the Group.





REPORT OF THE DIRECTORS

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

The Group is committed to contributing to the sustainability of the environment and has implemented policies to minimise the impact on the environment from its business activities. The Group has implemented recycling program for consumables such as toner, cartridges and paper to minimise the operation impact on the environment and natural resources. The Group has also implemented energy saving practices. The Group endeavours to refine the approach to addressing its environmental, social and ethical responsibilities along with improving its corporate governance in order to generate greater value for all stakeholders. For more information on our environmental, social and governance, please refer to the Group's 2023 Environmental, Social and Governance Report published on 30 April 2024.

RELATIONSHIP WITH STAKEHOLDERS

The Group understands the importance of maintaining a good relationship with its key stakeholders, including its employees, customers and suppliers, to meet its immediate and long-term business goals. During the year ended 31 December 2023, there was no material and significant disputes between the Group and its employees, customers and suppliers.

The Group recognises employees as one of its valuable assets and strictly complies with the applicable labour laws and regulations and reviews regularly the existing staff benefits for improvement. Apart from the reasonable remuneration packages, the Group also offers other employee benefits, such as medical insurance.

As at 31 December 2023, the Group has a total of 71 employees, of which 28 were male and 43 were female. The management of the Group will continue to monitor and review the gender diversity of the workforce of the Group from time to time and will take appropriate measures to address the same if necessary. Currently, the Group is not aware of any matters which may materially affect the gender diversity of the workforce of the Group.

The Group provides good quality services to its customers and keeps a database for direct communications with recurring customers for developing a long-term trusted relationship. The Group also maintains effective communication and develops a long-term business relationship with the suppliers.

RESULTS AND FINAL DIVIDEND

The results of the Group for the year ended 31 December 2023 and the Group's financial position as at 31 December 2023 are set out in the consolidated financial statements on pages 45 to 113 of this report.

In order to retain more cash to finance the working capital requirements and future development of the Group, the Board does not recommend the payment of final dividend for the year ended 31 December 2023 (31 December 2022: nil). The Board will consider future dividend distribution in due course according to the Company's dividend policy.

There is no arrangement that a Shareholder has waived or agreed to waive any dividend.



REPORT OF THE DIRECTORS

ANNUAL GENERAL MEETING

It is proposed that the annual general meeting of the Company (the “AGM”) will be held on 26 June 2024. The Company will publish an announcement in due course to inform the Shareholders of the place, date and time of the AGM. A notice convening the AGM will be published and despatched to the Shareholders in the manner required by the Company’s Memorandum and Articles and the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

For the purposes of ascertaining the Shareholders’ eligibility to attend and vote at the AGM, the Company’s register of members will be closed during the following period:

Latest time to lodge transfers documents for registration..... 4:30 p.m. on Thursday, 20 June 2024

Closure of register of members (both days inclusive).....Friday, 21 June 2024 to Wednesday, 26 June 2024

For purposes mentioned above, all properly completed transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company’s branch share registrar and transfer office in Hong Kong, Boardroom Share Registrars (HK) Limited at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong for registrations no later than the aforementioned latest time.

RESERVES

Movements in the reserves of the Group and the Company during the year ended 31 December 2023 are set out in the consolidated statement of changes in equity on page 48 of this report and note 34 to the consolidated financial statements respectively. As at 31 December 2023, the reserves of the Company available for distribution, as calculated under the provision of section 298 of the Companies Ordinance, and in accordance with the applicable laws in the Cayman Islands, was approximately HK\$7.6 million inclusive of share premium and accumulated losses.

FINANCIAL SUMMARY

A summary of the published results and of the assets, equity and liabilities of the Group for the last five financial years is set out on page 114 of this report.

DIRECTORS

The Directors during the year ended 31 December 2023 and up to the date of this report were:

| Name | Position |
|---------------------------|--|
| Dr. Kou Chung Yin Mariana | Executive Director, Chief Executive Officer, Chairperson |
| Mr. Liu Xue Bin | Executive Director |
| Mr. Liu Jiefeng | Non-executive Director |
| Mr. Fong Wai Bun Benny | Independent non-executive Director |
| Ms. Suen Yin Wah Chloe | Independent non-executive Director |
| Ms. Kwan Ka Yee | Independent non-executive Director |





REPORT OF THE DIRECTORS

In accordance with Article 113 of the Memorandum and Articles, any director appointed by the Board either to fill a casual vacancy shall hold office only until the first general meeting of the Company after his/her appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

Pursuant to Article 109 of the Memorandum and Articles, at each annual general meeting, one-third of the Directors for the time being (or, if their 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 an annual general meeting at least once every three years.

Mr. Liu Xue Bin and Ms. Suen Yin Wah Chloe will retire from office as Directors at the forthcoming annual general meeting of the Company. All of the aforesaid Directors being eligible, will offer themselves for re-election.

The biographical details of the Directors and senior management of the Company are set out in “Biographies of the Directors and Senior Management” in this report.

DIRECTORS’ SERVICE CONTRACTS

Each of the executive Directors has entered into a service contract with the Company for a term of three years, which may be terminated with three months’ notice in writing. Each of the non-executive Director and independent non-executive Directors has entered into a letter of appointment with the Company for a term of three years, which may be terminated with three months’ notice in writing.

All Directors are subject to retirement by rotation and re-election in accordance with the Memorandum and Articles.

None of the Directors has an unexpired service contract with the Company which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

DIRECTORS’ MATERIAL INTERESTS IN CONTRACTS

Save for those disclosed in this report, no transaction, arrangement or contract of significance to which the Company or its subsidiaries was a party, and in which a Director or an entity connected with a Director had a material interest, subsisted at any time during the year ended 31 December 2023 or as at 31 December 2023.

CONTROLLING SHAREHOLDERS’ INTEREST

Save as disclosed in this report, no contracts of significance between the Company or any of its subsidiaries and a controlling Shareholder or any of its subsidiaries for the provision of services to the Company or any of its subsidiaries by a controlling Shareholder or any of its subsidiaries subsisted at any time during the year ended 31 December 2023 or as at 31 December 2023.



REPORT OF THE DIRECTORS

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATIONS

As at 31 December 2023, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meanings of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such director or chief executive is taken or deemed to have under such provision of the SFO) or which were required pursuant to section 352 of the SFO, to be entered in the register of members of the Company, or which were required, pursuant to standard of dealings by Directors as referred to the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

(i) Long Positions in the Company's Shares

| Name of Director | Nature of interest | Number of Shares ⁽¹⁾ | Approximate Percentage of Shareholding |
|--|--------------------------------------|---------------------------------|--|
| Mr. Liu Xue Bin ("Mr. Liu") ⁽²⁾ | Interest of a controlled corporation | 900,000,000 | 75.0% |

Notes:

- (1) All interests stated are long positions.
- (2) Tomorrow Education Technology Limited held 900,000,000 shares of the Company, and is owned as to 70% by Tomorrow Education Holding Limited (which is wholly-owned by Mr. Liu) and 30% by Tomorrow Education Investment Limited (which is wholly-owned by Dr. Kou Chung Yin Mariana ("Dr. Kou")). By virtue of the SFO, Tomorrow Education Holding Limited and Mr. Liu are deemed to be interested in the shares of the Company held by Tomorrow Education Technology Limited.

(ii) Long Positions in the Ordinary Shares of Associated Corporations

| Name of Director | Name of associated corporation | Capacity/Nature | Percentage of shareholding |
|------------------------|---------------------------------------|--------------------------------------|----------------------------|
| Mr. Liu ⁽²⁾ | Tomorrow Education Technology Limited | Interest of a controlled corporation | 70.0% |
| Dr. Kou ⁽²⁾ | Tomorrow Education Technology Limited | Interest of a controlled corporation | 30.0% |

Notes:

- (1) All interests stated are long positions.
- (2) Tomorrow Education Technology Limited held 900,000,000 shares of the Company, and is owned as to 70% by Tomorrow Education Holding Limited (which is wholly-owned by Mr. Liu) and 30% by Tomorrow Education Investment Limited (which is wholly-owned by Dr. Kou). By virtue of the SFO, Mr. Liu and Dr. Kou are deemed to be interested in the shares of Tomorrow Education Technology Limited held by Tomorrow Education Holding Limited and Tomorrow Education Investment Limited, respectively.

Save as disclosed above, as at 31 December 2023, none of the Directors and chief executive of the Company had any other interests or short positions in any Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) 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 interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which were required pursuant to Section 352 of the SFO, to be entered in the register of members of the Company or which were required to be notified to the Company and the Stock Exchange, pursuant to standard of dealings by Directors as referred to the Listing Rules.





REPORT OF THE DIRECTORS

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2023, the interest and short positions of the persons in the shares and underlying shares of the Company which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO or required to be recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

| Name of Shareholder | Nature of interest | Number of Shares held ⁽¹⁾ | Percentage of shareholding |
|--|--------------------------------------|--------------------------------------|----------------------------|
| Tomorrow Education Technology Limited ⁽²⁾ | Beneficial owner | 900,000,000 | 75.0% |
| Tomorrow Education Holding Limited ⁽²⁾ | Interest of a controlled corporation | 900,000,000 | 75.0% |
| Mr. Liu ⁽²⁾ | Interest of a controlled corporation | 900,000,000 | 75.0% |

Notes:

- (1) All interests stated are held in long positions.
- (2) Tomorrow Education Technology Limited held 900,000,000 shares of the Company. Tomorrow Education Technology Limited is owned as to 70% by Tomorrow Education Holding Limited (which is wholly-owned by Mr. Liu) and 30% by Tomorrow Education Investment Limited (which is wholly-owned by Dr. Kou). By virtue of the SFO, Tomorrow Education Holding Limited and Mr. Liu are deemed to be interested in the shares of the Company held by Tomorrow Education Technology Limited.

Save as disclosed above, as at 31 December 2023, the Company had not been notified by any persons who had interests or short positions in the shares, underlying shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required, pursuant to Section 336 of the SFO, to be recorded in the register referred to therein.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 December 2023.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2023, gross cost of procurement from the Group's largest supplier was approximately 15.4% of the total gross cost of procurement and the aggregate gross cost of procurement from its top five suppliers in aggregate were approximately 46.7% of the total gross cost of procurement.

Gross sales proceeds generated from the Group's largest customer was approximately 24.3% of the total gross sales proceeds and the aggregate gross sales proceeds generated from its top five customers in aggregate were approximately 47.0% of the total gross sales proceeds.

None of the Directors or any of their close associates or any Shareholders who, to the best knowledge of the Directors, own more than 5% of the number of issued share capital of our Company held an interest in any of the five largest suppliers or five largest customers of the Group during the year ended 31 December 2023.



REPORT OF THE DIRECTORS

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Memorandum and Articles, although there are no restrictions against such rights under the laws in the Cayman Islands.

SHARE OPTION SCHEME

The Company has adopted the Share Option Scheme, a summary of the principal terms of which is set out as follows:

1. Purpose of the Share Option Scheme

The Share Option Scheme is a share incentive scheme prepared in accordance with Chapter 17 of the Listing Rules and is established to recognise and acknowledge the contributions that the Eligible Participants (as defined below) had or may have made to the Group. The Share Option Scheme will provide the Eligible Participants (as defined below) an opportunity to have a personal stake in the Company with the view to achieving the following objectives:

- (i) motivate the Eligible Participants (as defined below) to optimise their performance efficiency for the benefit of the Group; and
- (ii) attract and retain or otherwise maintain an on-going business relationship with the Eligible Participants (as defined below) whose contributions are or will be beneficial to the long-term growth of the Group.

2. Participants of the Share Option Scheme

The Board may, at its discretion, offer to grant an option to the following persons (collectively the “Eligible Participants”) to subscribe for such number of new Shares as the Board may determine:

- (i) any full-time or part-time employees, executives or officers of the Company or any of its subsidiaries;
- (ii) any directors (including non-executive directors and independent non-executive directors) of the Company or any of its subsidiaries; and
- (iii) any advisers, consultants, suppliers, customers, distributors and such other persons who, in the sole opinion of the Board, will contribute or have contributed to the Company and/or any of its subsidiaries.

3. Total number of Shares available for issue under the Share Option Scheme and percentage of issued Shares

As at the date of this report, no share option has been granted under the Share Option Scheme.

The maximum number of Shares in respect of which options may be granted under the Share Option Scheme and under any other share option schemes of the Company must not in aggregate exceed 120,000,000 Shares, representing 10% of the total number of Shares in issue as at the date of this report.





REPORT OF THE DIRECTORS

4. Maximum entitlement of each participant under the Share Option Scheme

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option schemes of the Company (including both exercised and outstanding options) to each Eligible Participant in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue as at the date of grant. Any further grant of options in excess of this 1% limit shall be subject to:

- (i) the issue of a circular by the Company containing the identity of the Eligible Participant, the numbers of and terms of the options to be granted (and options previously granted to such participant), the information as required under Rule 17.02(2)(d) of the Listing Rules and the disclaimer required under Rule 17.02(4) of the Listing Rules; and
- (ii) the approval of the Shareholders in general meeting and/or other requirements prescribed under the Listing Rules from time to time with such Eligible Participant and his close associates (as defined in the Listing Rules) (or his/her associates if the Eligible Participant is a core connected person) abstaining from voting.

5. The period within which the options must be exercised under the Share Option Scheme

An option may be exercised at any time during a period to be determined and notified by the Directors to each grantee, but shall not be more than 10 years from the date upon which the option is deemed to be granted and accepted.

6. The minimum period for which an option must be held before it can be exercised

There is no minimum period for which an option granted must be held before it can be exercised except otherwise imposed by the Directors.

7. The basis of determining the exercise price

The exercise price of a Share in respect of any particular option granted under the Share Option Scheme shall be such price as the Board in its absolute discretion shall determine, save that such price must be at least the higher of:

- (i) the official closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a day on which the Stock Exchange is open for the business of dealing in securities;
- (ii) the average of the official closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and
- (iii) the nominal value of a Share.

8. The amount payable on application or acceptance of the option and the period within which payments or calls must or may be made or loans for such purposes must be repaid

The grantee shall pay HK\$1.00 to the Company by way of consideration for the grant on or before the relevant acceptance date of the option.



REPORT OF THE DIRECTORS

9. The remaining life of the Share Option Scheme

The Share Option Scheme, unless otherwise terminated or amended, will remain in force for a period of 10 years from its adoption date, i.e. 7 May 2018 and will expire on 6 May 2028.

Since the adoption of the Share Option Scheme, no share options were granted, exercised, cancelled or lapsed by the Company under the Share Option Scheme. There were no outstanding share options under the Share Option Scheme as at the date of this report.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Other than as disclosed in the paragraphs headed "Directors' and Chief Executive's Interest and Short Positions in Shares, Underlying Shares and Debentures of the Company or any of its associated corporations" on page 34 of this report and "Share Option Scheme" on pages 35 to 37 of this 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 associates nor was the Company and any of its subsidiaries a party to any arrangement to enable the Directors, or their respective associates to acquire such rights in any other body corporate.

RELATED PARTY TRANSACTIONS

There was no related party transaction entered into by the Group for the Year. For the year ended 31 December 2022, the related party transactions entered into by the Group are disclosed in note 33 to the consolidated financial statements. To the extent that such related party transactions constituted connected transactions or continuing connected transactions, the Company had complied with the relevant requirements under Chapter 14A of the Listing Rules. Save as disclosed in this sub-section, there were no other connected transactions or continuing connected transactions which are required to be disclosed under Chapter 14A of the Listing Rules.

EMOLUMENT POLICY AND DIRECTORS' REMUNERATION

The emoluments of the Directors are reviewed and approved by the Remuneration Committee, having regard to factors including salaries paid by comparable companies, time commitment, job duties and responsibilities in respect of the relevant positions. Details of the emoluments of the five highest paid individuals of the Group and the Directors for the year ended 31 December 2023 are set out in notes 8 and 9 to the consolidated financial statements in this report, respectively. During the year ended 31 December 2023, none of the Directors waived or agreed to waive any remuneration and there were no emoluments paid by the Group to any of the Directors and the five highest paid individuals of the Group as an inducement to join, or upon joining the Group, or as compensation for loss of office. In addition, as part of the Company's emolument policy, the Company has adopted the Share Option Scheme, details of which are set out in the paragraphs under the section headed "Share Option Scheme" in this report.

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

During the year ended 31 December 2023 and up to the date of this report, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.





REPORT OF THE DIRECTORS

CORPORATE GOVERNANCE AND MODEL CODE

The Company has complied with the code provisions of the CG Code (other than provision C.2.1) as set out in Appendix C1 to the Listing Rules throughout the Year. For details, please refer to the Corporate Governance Report of the Company which is set out on pages 19 to 28 of this report.

The Company has adopted the Model Code as the securities dealing code for its Directors. Having made specific enquiry to all Directors, all Directors confirmed that they have fully complied with the required standards and provisions as set out in the Model Code during the year ended 31 December 2023.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of its independent non-executive Directors a confirmation of independence, and the Company considers that each of them is independent and has met the guidelines set out in Rule 3.13 of the Listing Rules.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As of year ended 31 December 2023 and up to the date of this report, none of the Directors had any interests in a business, apart from the business of the Group, which competes or may compete with the business of the Group or has any other conflict of interest with the Group which would be required to be disclosed under Rule 8.10 of the Listing Rules.

PERMITTED INDEMNITY PROVISIONS

Pursuant to the Memorandum and Articles, every Director, auditor, secretary or other officers of the Company shall be entitled to be indemnified by the Company out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them may sustain or incur by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices or trusts.

The Company has taken appropriate insurance coverage in respect of Directors' and officers' liability throughout the year ended 31 December 2023, which remains in force as at the date of this report.

SUFFICIENCY OF PUBLIC FLOAT

As at the date of this report and based on the information that is publicly available to the Company and to the best knowledge of the Directors, the Company has maintained the minimum public float of 25% as required under the Listing Rules.



REPORT OF THE DIRECTORS

RELIEF OF TAXATION

The Company is not aware of any relief from taxation available to the Shareholders by reason of their holding of the Shares.

REVIEW OF THE ANNUAL RESULTS

The Audit Committee has reviewed the consolidated financial statements, the annual results announcement and this report of the Company for the Year and had submitted the same to the Board for approval. Members of the Audit Committee were of the opinion that the preparation of such financial statements, results announcement and annual report has complied with the applicable accounting standards, the Listing Rules and that adequate disclosure had been made.

AUDITORS

A resolution will be proposed at the AGM to re-appoint BDO Limited as the external auditors of the Company until the conclusion of the next annual general meeting of the Company and to authorise the Board to fix their remuneration.

On behalf of the Board

Kou Chung Yin Mariana
Cinese International Group Holdings Limited
Chairperson and executive Director

Hong Kong, 26 March 2024





INDEPENDENT AUDITOR'S REPORT



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永安中心25樓

To the shareholders of CINESE INTERNATIONAL GROUP HOLDINGS LIMITED
(incorporated in Ontario, Canada and continued in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Cinese International Group Holdings Limited (the “Company”) and its subsidiaries (together the “Group”) set out on pages 45 to 113, which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”) 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 International Standards on Auditing (“ISAs”). 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 Hong Kong Institute of Certified Public Accountants’ (“HKICPA”) “Code of Ethics for Professional Accountants” (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



BDO Limited
香港立信德豪會計師事務所有限公司

BDO Limited, a Hong Kong limited company, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.



INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, 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 | Our response |
|--|--|
| <p>Recoverability of deferred income tax assets arising from unused tax losses and other deductible temporary differences</p> <p><i>Refer to notes 4(b) and 21 to the consolidated financial statements.</i></p> <p>The Group recognised deferred income tax assets arising from unused tax losses and other deductible temporary differences of approximately HK\$28,161,000 as at 31 December 2023.</p> <p>Estimating the deferred income tax assets to be recovered requires a process that involves forecasting future years' taxable income and assessing the ability of the Group to utilise tax benefits through future earnings and tax structuring.</p> <p>We considered the recoverability of deferred income tax assets arising from unused tax losses and other deductible temporary differences to be a matter of most significance in our audit due to the magnitude thereof and the key assumptions used by management in forecasting future years' taxable income and assessing the ability of the Group to utilise tax benefits derived from those deductible temporary differences in the future.</p> | <p>Our audit procedures included, amongst others:</p> <ul style="list-style-type: none">• We assessed the reasonableness of management's forecast of future years' taxable income and key assumptions used in the forecast by comparing this to historical results of the Group and other relevant information. We performed a sensitivity analysis to assess the potential impact of reasonably possible downside changes in key assumptions.• With the assistance of our tax specialists, we assessed the reasonableness of management's tax structuring of the Group.• We tested the mathematical accuracy of management's underlying calculations. |





INDEPENDENT AUDITOR'S REPORT

Key Audit Matters

Expected credit losses (“ECLs”) assessment on trade receivables and receivables from travel companies for ticket costs

Refer to notes 3.1(b), 4(f), 18 and 19 to the consolidated financial statements.

The Group had trade receivables and receivables from travel companies for ticket costs with carrying amount, net of ECLs allowance, of approximately HK\$32,706,000 and approximately HK\$44,322,000 respectively as at 31 December 2023. During the year ended 31 December 2023, provision of ECLs allowance of approximately HK\$414,000 was made for trade receivables and reversal of provision of ECLs allowance of approximately HK\$1,575,000 was made for receivables from travel companies for ticket costs in the profit or loss.

Estimating the ECLs allowance to be provided was based on a forward-looking ECLs approach. The measurement on the Group's trade receivables and receivables from travel companies for ticket costs under such approach were estimated by management through an application of judgement and estimation. The potential impact of economic factors were also considered in management's assessment of the likelihood of recovery from its customers and travel companies.

We considered the assessment of ECLs allowance on trade receivables and receivables from travel companies for ticket costs to be a matter of most significance in our audit due to the magnitude thereof and the key assumptions used by management in assessing the recoverability of the trade receivables and receivables from travel companies for ticket costs.

Our response

Our audit procedures included, amongst others:

- We obtained an understanding of and assessed the Group's process and control over the collection and the assessment of the recoverability of the trade receivables and receivables from travel companies for ticket costs.
- We obtained an understanding of the key parameters inputs and assumptions of the ECLs model adopted by management, including historical default data and estimated loss rates.
- We assessed the reasonableness of management's estimates for ECLs allowance by examining the information used by management, including historical settlement pattern, default data, past due status and any payments received up to the date of completing our audit procedures, current market conditions and forward-looking information.
- We re-performed the calculation of the ECLs allowance based on the Group's credit loss allowance policies.



INDEPENDENT AUDITOR'S REPORT

OTHER INFORMATION IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the Company's annual report, but does not include 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.

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards 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 also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibility in this regard.

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, in accordance with the terms of our engagement, 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 ISAs 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 ISAs, we exercise professional judgment 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.





INDEPENDENT AUDITOR'S REPORT

- 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.

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 to 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 directors, 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.

BDO Limited

Certified Public Accountants

Ng Wai Man

Practising Certificate No. P05309

Hong Kong, 26 March 2024





CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

| | Notes | Year ended 31 December | |
|---|--------|------------------------|------------------|
| | | 2023 HK\$'000 | 2022 HK\$'000 |
| Revenue | 5 | 103,510 | 45,777 |
| Cost of sales | 7 | (59,312) | (23,250) |
| Gross profit | | 44,198 | 22,527 |
| Other income | 6 | 548 | 1,634 |
| Other (losses)/gains, net | 6 | (1,402) | 2,477 |
| Reversal of expected credit losses ("ECLs") allowance on financial assets | 3.1(b) | 1,171 | 3,962 |
| Selling expenses | 7 | (2,959) | (3,604) |
| Administrative expenses | 7 | (36,335) | (41,234) |
| Operating profit/(loss) | | 5,221 | (14,238) |
| Finance income | 10 | 177 | 6 |
| Finance costs | 10 | (247) | (291) |
| Finance costs, net | 10 | (70) | (285) |
| Share of net losses of joint venture | 16 | — | (352) |
| Profit/(Loss) before income tax | | 5,151 | (14,875) |
| Income tax (expense)/credit | 11 | (2,234) | 1,073 |
| Profit/(Loss) for the year attributable to owners of the Company | | 2,917 | (13,802) |
| Other comprehensive expenses | | | |
| <i>Item that may be subsequently reclassified to profit or loss:</i> | | | |
| – Currency translation differences | | 1,306 | (3,125) |
| <i>Item that will not be reclassified to profit or loss:</i> | | | |
| – Change in fair value of equity instrument at fair value through other comprehensive income | | (1,757) | 220 |
| Other comprehensive expenses for the year | | (451) | (2,905) |
| Total comprehensive income/(expenses) for the year attributable to owners of the Company | | 2,466 | (16,707) |
| Basic and diluted earnings/(loss) per share (HK Cents) | 12 | 0.2 | (1.2) |



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

| | Notes | As at 31 December 2023 HK\$'000 | As at 31 December 2022 HK\$'000 |
|---|-------|--|--|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 14 | 602 | 1,380 |
| Intangible assets | 15 | — | 1 |
| Right-of-use assets | 27 | 2,664 | 2,936 |
| Financial asset at fair value through profit or loss ("FVTPL") | 22 | 1,498 | — |
| Financial asset at fair value through other comprehensive income ("FVTOCI") | 22 | 1,687 | 3,187 |
| Deferred income tax assets | 21 | 28,161 | 41,778 |
| | | 34,612 | 49,282 |
| Current assets | | | |
| Trade receivables | 18 | 32,706 | 2,158 |
| Prepayments, deposits and other receivables | 19 | 47,757 | 36,005 |
| Financial asset at FVTPL | 22 | — | 1,426 |
| Income tax recoverable | | 296 | 299 |
| Cash and cash equivalents | 20 | 26,433 | 43,780 |
| | | 107,192 | 83,668 |
| Total assets | | 141,804 | 132,950 |
| EQUITY | | | |
| Equity attributable to the owners of the Company | | | |
| Share capital | 23(a) | 120 | 120 |
| Share premium | | 88,248 | 88,248 |
| Other reserve | 23(b) | (41,256) | (41,256) |
| Financial asset at FVTOCI reserve | 23(c) | (1,500) | 257 |
| Exchange reserve | | 6,698 | 5,392 |
| Statutory reserve | 23(d) | 1,077 | — |
| Accumulated losses | | (3,105) | (4,945) |
| Total equity | | 50,282 | 47,816 |



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

| | Notes | As at 31 December 2023 HK\$'000 | As at 31 December 2022 HK\$'000 |
|---|-------|--|--|
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Lease liabilities | 27 | 1,765 | 2,379 |
| Loan from government | 28 | 2,541 | 3,255 |
| | | 4,306 | 5,634 |
| Current liabilities | | | |
| Trade payables | 24 | 15,273 | 12 |
| Accruals and other payables | 25(a) | 58,573 | 64,691 |
| Contract liabilities | 25(b) | 87 | 95 |
| Lease liabilities | 27 | 2,058 | 1,719 |
| Loan from government | 28 | 798 | 755 |
| Income tax payables | | 427 | 12,228 |
| Amount due to immediate holding company | 29 | 10,000 | — |
| | | 87,216 | 79,500 |
| Total liabilities | | 91,522 | 85,134 |
| Total equity and liabilities | | 141,804 | 132,950 |

The consolidated financial statements on pages 45 to 113 were approved for issue by the Board of Directors on 26 March 2024 and were signed on its behalf.

Kou Chung Yin Mariana
Executive Director, Chairperson, Chief Executive Officer

Liu Xue Bin
Executive Director



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

| | Attributable to owners of the Company | | | | | | | Total HK\$'000 |
|---|--|------------------------------|--|--|---------------------------------|--|--|-------------------|
| | Share capital HK\$'000 Note 23(a) | Share premium HK\$'000 | Other reserve HK\$'000 Note 23(b) | Financial asset at FVTOCI reserve HK\$'000 Note 23(c) | Exchange reserve HK\$'000 | Statutory reserve HK\$'000 Note 23(d) | Retained earnings/ (Accumulated losses) HK\$'000 | |
| | | | | | | | | |
| Balance at 1 January 2022 | 120 | 88,248 | (41,256) | 37 | 8,517 | — | 8,857 | 64,523 |
| Comprehensive loss | | | | | | | | |
| Loss for the year | — | — | — | — | — | — | (13,802) | (13,802) |
| Other comprehensive expense | | | | | | | | |
| Currency translation differences | — | — | — | — | (3,125) | — | — | (3,125) |
| Change in fair value of equity instrument at FVTOCI | — | — | — | 220 | — | — | — | 220 |
| Total comprehensive expense and other comprehensive expense for the year | — | — | — | 220 | (3,125) | — | (13,802) | (16,707) |
| Balance at 31 December 2022 | 120 | 88,248 | (41,256) | 257 | 5,392 | — | (4,945) | 47,816 |
| Comprehensive loss | | | | | | | | |
| Profit for the year | — | — | — | — | — | — | 2,917 | 2,917 |
| Other comprehensive expense | | | | | | | | |
| Currency translation differences | — | — | — | — | 1,306 | — | — | 1,306 |
| Change in fair value of equity instrument at FVTOCI | — | — | — | (1,757) | — | — | — | (1,757) |
| Total comprehensive expense and other comprehensive expense for the year | — | — | — | (1,757) | 1,306 | — | 2,917 | 2,466 |
| Total transactions with owners in their capacity as owners | | | | | | | | |
| Appropriations to statutory reserve | — | — | — | — | — | 1,077 | (1,077) | — |
| Balance at 31 December 2023 | 120 | 88,248 | (41,256) | (1,500) | 6,698 | 1,077 | (3,105) | 50,282 |



CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

| | Notes | Year ended 31 December | |
|---|-------|------------------------|------------------|
| | | 2023 HK\$'000 | 2022 HK\$'000 |
| Cash flows from operating activities | | | |
| Cash used in operations | 30 | (24,548) | (13,249) |
| Interest paid on lease liabilities | 10 | (138) | (168) |
| Income tax (paid)/refunded | | (155) | 2,182 |
| Net cash used in from operating activities | | (24,841) | (11,235) |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | 14 | (40) | (79) |
| Purchase of financial asset at FVTPL | | (1,436) | — |
| Proceed from redemption of financial asset at FVTPL | | 1,436 | — |
| Proceeds from disposal of property, plant and equipment | | — | 1,202 |
| Proceeds from disposal of joint venture | | — | 9,230 |
| Interest received | | 177 | 6 |
| Net cash generated from investing activities | | 137 | 10,359 |
| Cash flows from financing activities | | | |
| Repayment for loan from government | 31 | (870) | — |
| Repayment of principal portion of the lease liabilities | 31 | (1,873) | (1,702) |
| Increase in amount due to immediate holding company | 31 | 10,000 | — |
| Net cash generated from/(used in) financing activities | | 7,257 | (1,702) |
| Net decrease in cash and cash equivalents | | (17,447) | (2,578) |
| Cash and cash equivalents at beginning of year | | 43,780 | 48,749 |
| Effect of currency translation differences | | 100 | (2,391) |
| Cash and cash equivalents at end of year | | 26,433 | 43,780 |





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Cinese International Group Holdings Limited (formerly known as CTEH Inc.) (the “**Company**”) was incorporated in Ontario, Canada on 18 August 2017 and continued in the Cayman Islands from 20 October 2017 as an exempted company with limited liability. The registered address of the Company is 4th Floor, Harbour Place, 103 South Church Street, PO Box 10240, Grand Cayman, KY1-1002, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (together, the “**Group**”) are engaged in air ticket distribution, travel business process management, travel products and services and other business process management (the “**Business**”) in Canada, the United States (the “**U.S.**”) and the People’s Republic of China (the “**PRC**”).

The Group operates under the licenses issued by the International Air Transport Association (“**IATA**”), the Travel Industry Council of Ontario (“**TICO**”), the Québec L’Office de la protection du consommateur (“**OPC**”) and the Business Practices & Consumer Protection Authority of British Columbia in Canada, which require the Group to comply with certain industry regulations.

The Company is a subsidiary of Tomorrow Education Technology Limited, a company incorporated in the British Virgin Islands (“**BVI**”). The directors of the Company consider the ultimate holding company to be Tomorrow Education Holding Limited, a company incorporated in the BVI.

The consolidated financial statements are presented in Hong Kong dollar (“**HK\$**”) and all values are rounded to the nearest thousand except when otherwise indicated.

2 MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with IFRS Accounting Standards as issued by International Accounting Standards Board (“**IFRS Accounting Standards**”) and related interpretations and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). The consolidated financial statements of the Group have been prepared under the historical cost convention, as modified by the revaluation of financial assets measured at FVTPL and financial asset measured at FVTOCI which are carried at fair value.

The preparation of consolidated financial statements of the Group in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.1 Basis of preparation (continued)

(i) Accounting policies newly applied by the Group

During the year, the Group has applied the following accounting policies which became relevant to the Group.

Employee benefits

The employees of the Group's subsidiaries which operate in the PRC are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of its payroll costs, subject to a certain ceiling, as stipulated by the relevant regulations.

(ii) New or revised standards adopted by the Group

A number of new or revised standards became applicable for the current reporting period and the Group had to change its accounting policies and make retrospective adjustments as a result of adopting the following standards:

| | |
|--|--|
| Amendments to International Accounting Standards ("IAS") 1 and IFRS Practice Statement 2 | Disclosure of Accounting Policies |
| Amendments to IAS 8 | Definition of Accounting Estimates |
| Amendments to IAS 12 | Deferred Tax related to Assets and Liabilities arising from a Single Transaction |
| Amendments to IAS 12 | International Tax Reform — Pillar Two Model Rules |
| IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17) | Insurance Contracts |

The adoption of these new or revised standards did not have any significant impact on the Group's consolidated financial statements.

(iii) Potential impact from new guidance on accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong issued by the HKICPA

In June 2022, Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "Amendment Ordinance") was enacted. The Amendment Ordinance abolishes the use of the accrued benefits derived from employers' mandatory contributions under the mandatory provident fund ("MPF") scheme to offset severance payment ("SP") and long service payments ("LSP") (the "Abolition"). Subsequently, the Government of Hong Kong Special Administrative Region announced that the Abolition will take effect on 1 May 2025 (the "Transition Date").

The following key changes will take effect since the Transition Date:

- Accrued benefits derived from employers' mandatory MPF contributions cannot be used to offset the LSP/SP in respect of the employment period after the Transition Date.
- The pre-transition LSP/SP is calculated using the last month's salary immediately preceding the Transition Date, instead of using the salary of employment termination date.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.1 Basis of preparation (continued)

(iii) Potential impact from new guidance on accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong issued by the HKICPA (continued)

Due to the complexities of the accounting for the offsetting of accrued benefits derived from an employer's mandatory MPF contributions and its LSP obligation and the accounting for the offsetting mechanism could become material in light of the Abolition, the HKICPA published "Accounting implications of the abolition of the MPF-LSP offsetting mechanism in HKSAR" ('the Guidance') in July 2023 to provide guidance to account for the offsetting mechanism and the Abolition. The HKICPA concluded that there are two acceptable accounting approaches for the offsetting mechanism, being:

- Approach 1: Account for the amount expected to be offset as a deemed employee contribution towards that employee's LSP benefits in terms of Hong Kong Accounting Standard 19.93(a) (equivalent to IAS 19.93(a))
- Approach 2: Account for the employer's MPF contributions and the offsetting mechanism as a funding mechanism for the LSP obligation

For the years ended 31 December 2022 and 2023, the Group's LSP liability before the expected offsetting under the MPF-LSP offsetting mechanism is immaterial. Application of the Guidance had no material effect on the consolidated financial statements of the Group.

(iv) New accounting standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

The following new standards, amendments and interpretations to existing standards are mandatory for accounting periods beginning on or after 1 January 2024.

| | | Effective for accounting periods beginning on or after |
|----------------------------------|---|--|
| Amendments to IAS 1 | Classification of Liabilities as Current or Non-current | 1 January 2024 |
| Amendments to IAS 1 | Non-current Liabilities with Covenants | 1 January 2024 |
| Amendments to IAS 7 and IFRS 7 | Supplier Finance Arrangements | 1 January 2024 |
| Amendments to IFRS 16 | Lease Liability in a Sale and Leaseback | 1 January 2024 |
| Amendments to IAS 21 | Lack of Exchangeability | 1 January 2025 |
| Amendments to IFRS 10 and IAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | To be determined* |

* The amendments shall be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.1 Basis of preparation (continued)

(iv) *New accounting standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group (continued)*

(a) Amendments to IAS 1 - Classification of Liabilities as Current or Non-current

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability and explain that rights are in existence if covenants are complied with at the end of the reporting period. The amendments also introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The directors of the Company do not anticipate that the application of the amendments and revision in the future will have a material impact on the consolidated financial statements.

(b) Amendments to IAS 1 - Non-current Liabilities with Covenants

The amendments modify the requirements introduced by the amendments to IAS 1 issued in 2020, *Classification of Liabilities as Current or Non-current* ("the 2020 Amendment") on how an entity classifies debt and other financial liabilities with covenants as current or non-current. The amendments specify that only covenants with which the entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date. Covenants which are required to comply with only after the reporting period do not affect whether that right exists at the end of the reporting period.

The amendments also specify the disclosure requirements about information that enables users of financial statements to understand the risk that the liabilities could become repayable within twelve months after the reporting period, if the entity classify liabilities arising from loan arrangements as non-current when the entity's right to defer settlement of those liabilities is subject to the entity complying with covenants within twelve months after the reporting period.

The directors of the Company do not anticipate that the application of the amendments and revision in the future will have a material impact on the consolidated financial statements.

(c) Amendments to IAS 7 and IFRS 7 - Supplier Finance Arrangements

The amendments add a disclosure objective to IAS 7 *Cash flow statements* stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, IFRS 7 *Financial Instruments: Disclosures* was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.

The directors of the Company do not anticipate that the application of the amendments in the future will have a material impact on the consolidated financial statements.





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

2.1 Basis of preparation *(continued)*

(iv) *New accounting standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group (continued)*

(d) Amendments to IFRS 16 - Lease Liability in a Sale and Leaseback

Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The directors of the Company do not anticipate of the amendments in the future will have a material impact on the consolidated financial statements.

(e) Amendments to IAS 21 - Lack of Exchangeability

The amendments specify when a currency is exchangeable how an entity estimates the spot exchange rate when amendments require disclosure of information that enables how a currency's lack of exchangeability affects, performance, financial position and cash flows.

The directors of the Company do not anticipate that the application of the amendments in the future will have a material impact on the consolidated financial statements.

(f) Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The directors of the Company do not anticipate that the application of the amendments and revision in the future will have a material impact on the consolidated financial statements.

Except for those mentioned above, the new or revised standards that have been issued but are not yet effective are unlikely to have a material impact on the Group's consolidated results and consolidated financial position upon application.





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.2 Consolidation

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (refer to note 2.3).

2.3 Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired.

The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquired entity, and the acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

2.4 Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-makers. The chief operating decision-makers, who are responsible for allocating resources and assessing performance of the operating segments, have been identified as the executive directors of the Company who make strategic decisions.





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.5 Foreign currency translation

(a) Functional and presentation currency

Items included in the consolidated financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (“**the functional currency**”). The consolidated financial statements are presented in HK\$, which is the Company's functional and presentation currency. The Group's operating companies functional currencies are the Canadian dollar (“**CAD**”) the United States dollars (“**USD**”) and the Renminbi (“**RMB**”).

(b) Transaction and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income within “other losses/gains, net”.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss, and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income.

(c) Group companies

The results and financial position of all the Group's entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each consolidated statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each consolidated statement of comprehensive income are translated at average rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting currency translation differences are recognised in other comprehensive income and included within the exchange reserve.

On the disposal of the Group's entities, or a disposal involving loss of control over a subsidiary, all of the exchange differences accumulated in equity in respect of that operation attributable to the Company's equity holders are reclassified to the profit or loss.





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.6 Property, plant and equipment

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their costs over their estimated useful lives, as follows:

| | |
|--|--|
| Leasehold improvements | 5 years or over the lease term, whichever is shorter |
| Furniture, fixtures and office equipment | 5 years |
| Computer equipment | 3 years |
| Motor vehicles | 3 to 5 years |

The assets' useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.8).

Gains and losses on disposals are determined by comparing the net proceeds with the carrying amounts of the relevant assets and are recognised within "other losses/gains, net" in the consolidated statement of comprehensive income.

2.7 Impairment of non-financial assets

Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.8 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is recorded in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

2.9 Trade and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

2.10 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash on hand and deposits held at call with banks.





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.11 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.12 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.13 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.14 Borrowing costs

General and specific borrowing costs directly attributable to the acquisitions, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in the consolidated statement of comprehensive income in the period in which they are incurred.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.15 Current and deferred income tax

The tax expense for the year comprises current and deferred income tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Inside basis differences

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from initial recognition of goodwill. The deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, except for deferred income tax liabilities where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

(c) Offsetting

Deferred income tax assets and deferred income tax liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income tax assets and deferred income tax liabilities relate to income taxes levied by the same taxation authority and when there is an intention to settle the balances on a net basis.





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.16 Provisions

Provisions are only recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.17 Employee benefits

(a) *Employee leave entitlements*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(b) *Pension*

The Group maintains a number of defined contribution retirement benefit plans organised by relevant government authorities for its employees and contributes to these plans based on a certain percentage of the salaries of the employees on a monthly basis, up to a maximum fixed monetary amount, as stipulated by the relevant government authorities. The assets of the retirement benefit are held separately from those of the Group in an independently administrated fund. The retirement plans are generally funded by payments from employees and by the Group. Further details can be referred to Note 8.

The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.17 Employee benefits (continued)

(c) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to a termination when the entity has a detailed formal plan to terminate the employment of current employees without possibility of withdrawal. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(d) Bonuses

The Group recognises a liability and an expense for bonuses. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.18 Revenue from contracts with customers

Revenue is measured at the fair value of the considerations received or receivable, and represents amounts receivable for services rendered, stated net of discounts and rebates, value added tax and other sales related taxes. The Group recognises revenue when the amount of revenue can be reliably measured, when it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities as described below.

Revenue of the Group mainly represents margin income and incentive commissions from airlines, travel business process management from travel companies, other business process management from healthcare companies, sales of package tours and margin income from sales of others and services, e.g. non-guided customised tours, hotel plus flight packages, car rentals, travel insurance. Specifically, revenue is recognised as follows:

- Margin income is recognised at the time of ticketing of the travel arrangement; incentive commissions are recognised based on management's estimate of the expected achievement of specific targets and thresholds specified in contracts with airlines;
- Travel business process management fees are recognised at the time as services are performed;
- Other business process management fees are recognised over the time when services are rendered;
- Revenue from sales of company-operated package tours is recognised when the services are rendered by the Group on a straight-line basis over the duration of the tours, a contract liability is recognised when the customer pays consideration before the Group recognises the related revenue; and
- Margin income from sales of other travel products and services is recognised upon booking.





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.18 Revenue from contracts with customers (continued)

Deferred revenue from loyalty program represents outstanding customer loyalty credits, which are accounted for as a separate identifiable component of the initial sales transaction in which they are granted. The revenue from the loyalty program is recognised when the points are redeemed.

Determining whether the Group is acting as a principal or as an agent requires consideration of all relevant facts and circumstances, including whether (1) the Group is the primary obligor in the provision of underlying services; (2) the Group retains the inventory risk before and after the customer orders, during the provision of services or on return; and (3) the Group has latitude in establishing prices. The Group's management performed the assessment based on the above mentioned factors on each revenue stream.

For contract where the period between the payment by the customer and the transfer of the promised services exceeds one year, the transaction price is adjusted for the effects of a significant financing component.

2.19 Leases

All leases (irrespective of they are operating leases or finance leases) are required to be capitalised in the consolidated statement of financial position as right-of-use assets and lease liabilities, but accounting policy choices exist for an entity to choose not to capitalise leases which are short-term leases and for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for low-value leased assets and short-term leases for which at the commencement date have a lease term less than 12 months. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

Right-of-use asset

The right-of-use asset should be recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. Under the cost model, the Group measures the right-to-use at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability. For right-of-use asset that meets the definition of an investment property, they are carried at fair value and for right-of-use asset that meets the definition of a leasehold land and buildings held for own use, they are carried at fair value.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.19 Leases (continued)

Lease liability

The lease liability is recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the Group's incremental borrowing rate.

The following payments for the right-to-use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed payments less any lease incentives receivable; (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to the commencement date, the Group measures the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, e.g., a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in substance fixed lease payments or a change in assessment to purchase the underlying asset.

2.20 Government grant

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets (including property, plant and equipment) are recognised as deferred income in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable and are recognised as other revenue, rather than reducing the related expense.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.21 Financial guarantee contract

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and other bodies on behalf of subsidiaries to secure loans, overdrafts and other banking facilities.

Financial guarantees are initially recognised at fair value on the date the guarantee was given. The fair value of a financial guarantee at the time of signature is nil because all guarantees are agreed on arm's length terms, and the value of the premium agreed corresponds to the value of the guarantee obligation. No receivable for the future premiums is recognised. Subsequent to initial recognition, the Group's liabilities under such guarantees are measured at the higher of the initial amount, less amortisation of fees recognised in accordance with IAS 18, and the best estimate of the amount required to settle the guarantee. These estimates are determined based on experience of similar transactions and history of past losses, supplemented by management's judgement. The fee income earned is recognised on a straight-line basis over the life of the guarantee. Any increase in the liability relating to guarantees is reported in the consolidated statement of comprehensive income within other operating expenses.

Where guarantees in relation to loans or other payables of subsidiaries are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

2.22 Financial instruments

(i) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income ("OCI"), or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVTOCI.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not measured at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.22 Financial instruments (continued)

(ii) Measurement (continued)

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other losses/gains, net, together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statement of comprehensive income.
- **FVTOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the profit or loss and recognised in other losses/gains, net. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other losses/gain, net, and impairment expenses are presented as separate line item in the consolidated statement of comprehensive income.
- **FVTPL:** Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other losses/gains, net, in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets measured at FVTPL are recognised in other losses/gains, net, in the consolidated statement of comprehensive income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

2.22 Financial instruments *(continued)*

(iii) Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVTOCI. ECLs are measured on either of the following bases:

- 12-months ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group measured ECLs allowances for trade receivables and receivables from travel companies for ticket costs under other receivables using IFRS 9 lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets, ECLs are based on lifetime ECLs except when there has not been a significant increase in credit risk since initial recognition, in which case the allowance will be based on the 12-months ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Group considers a financial asset to be in default when the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to action such as realising security (if any is held); or the financial asset is more than 90 days past due.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on 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.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.22 Financial instruments (continued)

(iii) Impairment (continued)

The Group considers a financial asset to be credit-impaired when:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in “FVTOCI reserve (recycling)”.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, a failure to make contractual payments for a period of greater than 3 years past due, and the debtor has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group’s recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

2.23 Share-based payments

(a) Equity-settled share-based payment transactions

The Group operates an equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted, including market performance conditions; excluding the impact of any service and non-market performance vesting conditions; and including the impact of any non-vesting conditions.

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date. At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-marketing performance and service conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated statement of comprehensive income, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital.





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.23 Share-based payments (continued)

(b) Share-based payment transactions among group entities

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity in the parent entity accounts.

There was no share option granted during the year ended 31 December 2023 (2022: nil).

2.24 Related parties

(a) A person or a close member to 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 Company's parent.

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

- (i) the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
- (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 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); and
- (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 Company'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 and include:

- (i) that person's children and spouse or domestic partner;
- (ii) children of that person's spouse or domestic partner; and
- (iii) dependents of that person or that person's spouse or domestic partner.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks, including market risk (including foreign exchange risk and cash flow interest rate risk), credit risk, and liquidity risk. The Group's overall risk management approach focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Market risk

(i) Foreign exchange risk

The Group operates principally in Canada and the U.S. and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United States dollar ("USD") and the Renminbi ("RMB"). Foreign exchange risk arises from future commercial transactions and recognised financial assets and liabilities.

The Group currently does not hedge transactions undertaken in foreign currencies but manages its exposure through constant monitoring to limit as much as possible the amount of its foreign currency exposures.

The table below summarises the financial assets denominated in foreign currencies other than the respective group companies' functional currencies at each reporting date:

| | As at 31 December | |
|-------------|-------------------|------------------|
| | 2023 HK\$'000 | 2022 HK\$'000 |
| Assets | | |
| USD | 655 | 3,428 |
| RMB | 562 | — |
| Others | 127 | 312 |
| | 1,344 | 3,740 |
| Liabilities | | |
| USD | 56 | — |
| | 56 | — |

As at 31 December 2023, if the USD and RMB had strengthened/weakened by 10% with all other variables held constant, the post-tax loss would have been approximately HK\$91,000 lower/higher (2022: approximately HK\$252,000), as a result of foreign exchange gains/losses on revaluation of the USD and the RMB denominated net assets.





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

(ii) Cash flow interest rate risk

Under the banking facilities as at 31 December 2023, borrowings denominated in USD are subject to floating interest rates at the U.S. prime rate plus 1.5% (2022: 1.5%) while borrowings denominated in CAD are subject to floating interest rates at the Canadian prime rate plus 0.5% (2022: 0.5%).

As at 31 December 2023, except for the imputed interest derived from the loan from government as disclosed in Note 28, the Group has no interest-bearing borrowing (2022: nil).

(b) Credit risk

The credit risk of the Group mainly arises from trade and other receivables and receivables from travel companies for ticket costs, financial assets at FVTPL, financial asset at FVTOCI and cash and cash equivalents. The carrying amounts of these balances represent the Group's maximum exposure to credit risk in relation to financial assets. In respect of cash deposited at banks, the credit risk is considered to be low as the counterparties are reputable banks.

The majority of the Group's trade receivables are in relation to margin income from sale of air ticket and incentive commissions from airlines, travel business process management earned from travel companies and other business process management earned from a healthcare company.

The Group has policies in place to ensure that sales and ticket costs paid on behalf are made to reputable and creditworthy counterparties with an appropriate financial strength, credit history and appropriate percentage of down payments. To manage risk arising from trade receivables and receivables from travel companies for ticket costs, the management performs ongoing credit evaluations of its counterparties. The credit period granted to the debtors is usually from 30 to 90 days and their credit quality is assessed, which takes into account their financial position, past experience and other factors. It also has other monitoring procedures to ensure that follow-up action is taken to recover overdue debts.

As at 31 December 2023 and 2022, the Group measures ECLs allowance for trade receivables and receivables from travel companies for ticket costs, at an amount equal to lifetime ECLs, which is calculated using a provision matrix with reference to the aging of the receivable balances. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments and different travel companies, the ECLs allowance based on past due status is not further distinguished between the Group's different debtor bases. In view of the difference in the way to different debtor groups, loss rates are calculated separately for exposures in different segments.

The loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers and/or debtors to settle the receivables. The Group has identified forecast economic conditions to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables and receivables from travel companies for ticket costs under other receivables as at 31 December 2023 and 2022:

| 31 December 2023 | Current | Within 90 days past due | 91 days to 180 days past due | 181 days to 12 months past due | More than 12 months past due | Total |
|----------------------------------|---------|-------------------------|------------------------------|--------------------------------|------------------------------|---------|
| Expected loss rate (%) | 3.4% | 20.6% | 33.9% | 43.3% | 100% | 52.1% |
| Gross carrying amount (HK\$'000) | 37,403 | 17,924 | 15,400 | 29,121 | 61,070 | 160,918 |
| ECLs allowance (HK\$'000) | 1,282 | 3,692 | 5,225 | 12,621 | 61,070 | 83,890 |

| 31 December 2022 | Current | Within 90 days past due | 91 days to 180 days past due | 181 days to 12 months past due | More than 12 months past due | Total |
|----------------------------------|---------|-------------------------|------------------------------|--------------------------------|------------------------------|---------|
| Expected loss rate (%) | 3.8% | 7.3% | 81.0% | 100% | 100% | 70.7% |
| Gross carrying amount (HK\$'000) | 18,363 | 16,205 | 12,218 | 14,751 | 58,141 | 119,678 |
| ECLs allowance (HK\$'000) | 691 | 1,181 | 9,900 | 14,751 | 58,141 | 84,664 |

In respect of other receivables (excluding receivables from travel companies for ticket costs), the Group considered that the credit risk is low, and the ECLs allowance recognised during the year was therefore limited to 12 months ECLs. The allowances under ECLs was determined for other receivables (excluding receivables from travel companies for ticket costs), as at 31 December 2023 and 2022 are as follows:

| | 31 December 2023 | 31 December 2022 |
|----------------------------------|------------------|------------------|
| Expected loss rate (%) | 0.7% | 2.2% |
| Gross carrying amount (HK\$'000) | 611 | 689 |
| ECLs allowance (HK\$'000) | 4 | 15 |



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

Movement in the ECLs allowance account in respect of trade and other receivables (including receivables from travel companies for ticket costs) during the year is as follows:

| | Lifetime ECLs | | 12-month | Total |
|--|-------------------|--|-------------------------------|----------|
| | Trade receivables | Receivables from travel companies for ticket costs | ECLs | |
| | HK\$'000 | HK\$'000 | Other receivables HK\$'000 | HK\$'000 |
| Balance at 1 January 2022 | 823 | 89,970 | 18 | 90,811 |
| ECLs allowance reversed during the year | (317) | (3,643) | (2) | (3,962) |
| Exchange differences | (38) | (2,131) | (1) | (2,170) |
| Balance at 31 December 2022 | 468 | 84,196 | 15 | 84,679 |
| Written off against provision | (382) | — | — | (382) |
| ECLs allowance recognised/(reversed) during the year | 414 | (1,575) | (10) | (1,171) |
| Exchange differences | 2 | 767 | (1) | 768 |
| Balance at 31 December 2023 | 502 | 83,388 | 4 | 83,894 |

For financial assets measured at FVTPL and financial assets measured at FVTOCI, management is of the opinion that the credit risk is low due to the management closely monitor the fair value of those investments.

The Group's exposure to credit risk of trade receivables and receivables from travel companies for ticket costs is influenced mainly by the individual characteristics of each customer and travel company. At the end of reporting period, the Group has a certain concentration of credit risk as 51% and 95% of the Group's trade receivables was due from the Group's three largest customers as at 31 December 2023 and 2022 respectively while 78% and 87% of the Group's receivables from travel companies for ticket costs was due from the Group's five largest travel companies as at 31 December 2023 and 2022 respectively.

The credit policies have been consistently applied and are considered to be effective in limiting the Group's exposure to credit risk to a desirable level.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(c) Liquidity risk

The liquidity position of the Group is significantly influenced by the booking and payment pattern of debtors and airlines. The Group manages the seasonal nature of its liquidity by maintaining sufficient cash and cash equivalents, which are generated from the operating activities.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period from the consolidated statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

| | Carrying amount HK\$'000 | On demand or within 1 year HK\$'000 | Between 1 and 2 years HK\$'000 | Between 2 and 5 years HK\$'000 | Over 5 years HK\$'000 | Total HK\$'000 |
|--|-----------------------------|---|--------------------------------------|--------------------------------------|--------------------------|-------------------|
| As at 31 December 2023 | | | | | | |
| Trade payables | 15,273 | 15,273 | — | — | — | 15,273 |
| Accruals and other payables (excluding sales tax payable and accrued staff costs and management fees) | 57,152 | 57,152 | — | — | — | 57,152 |
| Loan from government | 3,339 | 886 | 886 | 1,772 | — | 3,544 |
| Lease liabilities | 3,823 | 2,099 | 1,848 | 5 | — | 3,952 |
| | 79,587 | 75,410 | 2,734 | 1,777 | — | 79,921 |
| As at 31 December 2022 | | | | | | |
| Trade payables | 12 | 12 | — | — | — | 12 |
| Accruals and other payables (excluding sales tax payable and accrued staff costs and management fees) | 63,464 | 63,464 | — | — | — | 63,464 |
| Loan from government | 4,010 | 864 | 864 | 2,591 | — | 4,319 |
| Lease liabilities | 4,098 | 1,748 | 1,286 | 1,272 | — | 4,306 |
| | 71,584 | 66,088 | 2,150 | 3,863 | — | 72,101 |



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt, if any.

The Group monitors capital on the basis of the net debt-to-equity ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings and lease liabilities as shown in the consolidated statement of financial position less cash and cash equivalents. Total capital is calculated as "total equity", as shown in the consolidated statement of financial position.

The net debt-to-equity ratio was as follows:

| | As at 31 December | |
|-------------------------------------|-------------------|------------------|
| | 2023 HK\$'000 | 2022 HK\$'000 |
| Lease liabilities (Note 27) | 3,823 | 4,098 |
| Loan from government (Note 28) | 3,339 | 4,010 |
| Total debt | 7,162 | 8,108 |
| Less: | | |
| Cash and cash equivalents (Note 20) | (26,433) | (43,780) |
| Net debt | (19,271) | (35,672) |
| Total equity | 50,282 | 47,816 |
| Net debt-to-equity ratio | 0% | 0% |

The Group's strategy is to maintain healthy net debt-to-equity ratio, and sufficient cash and cash equivalents to support the operations and development of its business in the long term.

As at 31 December 2023, the Group has banking facilities available in the form of letters of guarantee of approximately HK\$14,766,000 (2022: approximately HK\$14,394,000). For the year ended 31 December 2023, the Group is in compliance with all banking covenants (Note 26).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation

The table below analyses the Group's financial instruments carried at fair value as at 31 December 2023 and 2022, by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the Group's assets that are measured at fair value as at 31 December 2023 and 2022.

| | Level 1 HK\$'000 | Level 2 HK\$'000 | Level 3 HK\$'000 | Total HK\$'000 |
|--------------------------------------|---------------------|---------------------|---------------------|-------------------|
| As at 31 December 2023 | | | | |
| Assets | | | | |
| Financial assets at FVTPL (note (a)) | 1,498 | — | — | 1,498 |
| Financial asset at FVTOCI (note (b)) | — | — | 1,687 | 1,687 |
| | 1,498 | — | 1,687 | 3,185 |
| As at 31 December 2022 | | | | |
| Assets | | | | |
| Financial assets at FVTPL (note (a)) | 1,426 | — | — | 1,426 |
| Financial asset at FVTOCI (note (b)) | — | — | 3,187 | 3,187 |
| | 1,426 | — | 3,187 | 4,613 |



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (continued)

Notes:

- (a) As at 31 December 2023, the financial assets at FVTPL represent a government bond issued by the Canadian government, with a maturity date of 15 February 2025 (2022: 21 March 2023) (Note 22). The fair value is determined with reference to a quoted price in active markets. The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting periods.
- (b) The financial asset at FVTOCI represent an unlisted equity securities investment (Note 22). The fair value is determined with reference to a valuation report issued by an independent valuation expert with market approach. Determination of its fair value is based on recent transaction prices derived from buy-sale transactions of equity securities of the investee company occurred.

Increased transaction prices by 10% would increase the fair value of financial asset at FVTOCI by approximately HK\$169,000 (2022: approximately HK\$319,000) whilst decrease transaction prices by 10% would decrease the fair value of the financial asset at FVTOCI by approximately HK\$169,000 (2022: approximately HK\$319,000).

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

The financial asset classified in level 3 is reconciled as follow:

| | 2023 HK\$'000 | 2022 HK\$'000 |
|--|------------------|------------------|
| At 1 January | 3,187 | 3,185 |
| Fair value change recognised in other comprehensive income | (1,757) | 220 |
| Exchange difference | 257 | (218) |
| At 31 December | 1,687 | 3,187 |

The management of the Group considers that the carrying amounts of other financial assets and financial liabilities recorded at amortised cost in the consolidated statement of financial position approximate their fair values due to their short maturities.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Revenue recognition for incentive commissions

The Group earns incentive commissions revenue from contract with airlines. The determination of the amount of incentive commissions earned in each reporting period requires estimation of the likelihood of achieving the performance obligations set in the contracts including transaction volumes and growth targets being achieved.

The amount of revenue recognised for each period is the total anticipated revenue earned at “point-in-time” on the achievement of the targets explained above with the transaction price set in the contract. The Group uses estimates and assumptions based on experiences and historical results in assessing the amount of incentive commissions earned during the period.

For the years ended and as at 31 December 2023, the Group has incentive commissions revenue of approximately HK\$15,130,000 (2022: approximately HK\$3,868,000), and incentive commissions receivables (net of ECLs allowance) of approximately HK\$4,931,000 (2022: approximately HK\$1,395,000) (Note 18).

(b) Recoverability of deferred income tax assets

At 31 December 2023, a deferred tax asset of approximately HK\$28,161,000 (2022: approximately HK\$41,778,000) in relation to unused tax losses, ECLs allowance and other deductible temporary differences were recognised in the consolidated financial statements. Estimating the deferred income tax asset to be recovered requires a process that involves determining appropriate tax provisions, forecasting future years’ taxable income and assessing the ability to utilise tax benefits derived from those deductible temporary differences through future earnings and tax structuring. In cases where the actual future profits generated are less than expected, a material reversal of the deferred income tax asset may arise, which would be recognised in profit or loss for the period in which such a reversal takes place. The current financial models indicate that the tax losses can be utilised in the foreseeable future. Management believes that any reasonable changes in the model assumptions would not affect management’s view. However, any unexpected changes in assumptions and estimates in tax regulations and economic environment could affect the recoverability of this deferred income tax asset in the future.

(c) Estimating the incremental borrowing rate for leases

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate to measure lease liabilities. The incremental borrowing rate is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The incremental borrowing rate therefore reflects what the Group “would have to pay”, which requires estimation when no observable rates are available or when it needs to be adjusted to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary’s stand-alone credit rating).





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(d) Current income tax

The Group is subject to income taxes in the Canada and New York. Significant judgement is required in determining the amount of the provision for taxation and the timing of payment of the related taxations. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises taxes based on estimates of the likely outcome with reference to current tax laws and practices. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax expense and current tax provision in the period in which such determination is made.

(e) Fair value measurement of financial asset at FVTOCI

The fair value measurement of financial asset at FVTOCI were categorised within Level 3 of the fair value hierarchy, which required significant judgments and estimates by considering factors including, but not limited to the future operating performance and cash flow of the investee company and economic and market conditions in which the investee company operated etc. The fair value of the financial asset at FVTOCI will be revised upward or downward where future performance are different from previous forecast. The fair value of the financial asset at FVTOCI and corresponding significant unobservable input of the valuation are disclosed in note 3.3.

(f) Provision of ECLs for trade and other receivables and receivables from travel companies for ticket costs

The provision of ECLs allowance for trade and other receivables and receivables from travel companies for ticket costs require judgment, in particular, the estimation of the amount and timing of future cash flows when determining ECLs allowance and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

At the end of each reporting period, the Group assesses whether there has been a significant increase in credit risk on the other receivables and receivables from travel companies for ticket costs since initial recognition by comparing the risk of default occurring over the expected life. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

For the year ended 31 December 2023, the provision of ECLs allowance of approximately HK\$414,000 and the reversal of provision of ECLs allowance of approximately HK\$1,575,000 (2022: reversal of provision of ECLs allowance of approximately HK\$317,000 and approximately HK\$3,643,000) were made for trade receivables and receivables from travel companies for ticket costs respectively in the profit or loss.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(g) Impairment assessment of non-financial assets

In considering the impairment losses that may be required for the Group's non-financial assets which include property, plant and equipment, intangible assets and right-of-use assets, recoverable amount of the asset needs to be determined if there is indication that those assets may be impaired. The recoverable amounts have been determined based on value-in-use calculations. These calculations require the use of estimates such as the future cash flows and discount rates. The carrying amount of property, plant and equipment, and right-of-use assets, net of provision of impairment, were approximately HK\$602,000 and approximately HK\$2,664,000 respectively as at 31 December 2023 (2022: property, plant and equipment, intangible assets, and right-of-use assets, net of provision of impairment, were approximately HK\$1,380,000, approximately HK\$1,000 and approximately HK\$2,936,000 respectively). The accumulated impairment loss on property, plant and equipment, intangible assets and right-of-use assets amounted to approximately HK\$171,000 (2022: approximately HK\$166,000), approximately HK\$298,000 (2022: approximately HK\$290,000) and approximately HK\$557,000 (2022: approximately HK\$543,000) respectively as at 31 December 2023 while no additional provision of impairment was made for the years ended 31 December 2023 and 2022.

5 REVENUE AND SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the chief operating decision makers that are used for making strategic decisions. The chief operating decision makers are identified as the executive directors of the Company. The chief operating decision makers regularly monitor and receive reports relating to the performance of the four lines of business the Group operates during the year. In this regard, management has identified four reportable operating segments, namely (1) Air ticket distribution, (2) Travel business process management, (3) Travel products and services and (4) Other business process management.

The major business activities for the four segments are summarised as follows:

- Air ticket distribution: The Group sells air tickets on behalf of airlines in exchange for margin income and incentive commissions from airlines.
- Travel business process management: The Group performs certain administrative and management services mainly for travel agencies in exchange for travel business process management fees.
- Travel products and services: The Group packages various travel products from suppliers into company-operated tours. The Group also sells other travel products and services, where the travellers are responsible for their trips using travel services sourced by the Group.
- Other business process management: The Group provides certain translation and agent services on behalf of a healthcare company in exchange for business process management fees.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

The performance of the operating segments is assessed based on segment revenue and a measure of segment operating results. Unallocated administrative expenses, ECLs allowance on financial assets, other losses/gains, net, other income, finance costs, net, share of net losses of joint ventures and income tax are not included in the segment results. No analysis of segment assets or segment liabilities is presented as they are not regularly provided to the Group's chief operating decision makers.

| | Year ended 31 December 2023 | | | | | Total HK\$'000 |
|--|-----------------------------|---|------------------------------------|--|----------|-------------------|
| | Air ticket distribution | Travel business process management | Travel products and services | Other business process management | | |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | | |
| Revenue from external customers | 22,134 | 21,123 | 60,253 | — | 103,510 | |
| Time of revenue recognition | | | | | | |
| At a point in time | 22,134 | 21,123 | 197 | — | 43,454 | |
| Over the time | — | — | 60,056 | — | 60,056 | |
| | 22,134 | 21,123 | 60,253 | — | 103,510 | |
| Segment results | 12,908 | 8,223 | 10,341 | — | 31,472 | |
| Other income | | | | | 548 | |
| Other losses, net | | | | | (1,402) | |
| Reversal of ECLs allowance on financial assets | | | | | 1,171 | |
| Administrative expenses | | | | | (26,568) | |
| Finance costs, net | | | | | (70) | |
| Profit before income tax | | | | | 5,151 | |
| Income tax expense | | | | | (2,234) | |
| Profit for the year | | | | | 2,917 | |
| Other segment items: | | | | | | |
| Depreciation and amortisation | 35 | 95 | — | — | 130 | |
| Capital expenditure | 7 | 18 | — | — | 25 | |
| Depreciation of right-of-use assets | 212 | 755 | — | — | 967 | |



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

| | Year ended 31 December 2022 | | | | Total HK\$'000 |
|--|--|---|--|--|-------------------|
| | Air ticket distribution HK\$'000 | Travel business process management HK\$'000 | Travel products and services HK\$'000 | Other business process management HK\$'000 | |
| Revenue from external customers | 11,430 | 32,027 | — | 2,320 | 45,777 |
| Time of revenue recognition | | | | | |
| At a point in time | 11,430 | 32,027 | — | — | 43,457 |
| Over the time | — | — | — | 2,320 | 2,320 |
| | 11,430 | 32,027 | — | 2,320 | 45,777 |
| Segment results | 3,046 | 6,786 | — | 266 | 10,098 |
| Other income | | | | | 1,634 |
| Other gains, net | | | | | 2,477 |
| Reversal of ECLs allowance on financial assets | | | | | 3,962 |
| Administrative expenses | | | | | (32,409) |
| Finance costs, net | | | | | (285) |
| Share of net losses of joint ventures | | | | | (352) |
| Loss before income tax | | | | | (14,875) |
| Income tax credit | | | | | 1,073 |
| Loss for the year | | | | | (13,802) |
| Other segment items: | | | | | |
| Depreciation and amortisation | 115 | 755 | — | 35 | 905 |
| Capital expenditure | 8 | 38 | — | 18 | 64 |
| Depreciation of right-of-use assets | 170 | 773 | — | 38 | 981 |



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

Revenue from external parties contributing 10% or more of the total revenues of the Group is as follows:

| | Year ended 31 December | |
|---|------------------------|------------------|
| | 2023 HK\$'000 | 2022 HK\$'000 |
| Company A – travel business process management segment | 21,078 | 23,699 |
| Company B – travel business process management segment (note) | N/A | 6,797 |
| Company C – travel products and services | 10,470 | N/A |
| Company D – travel products and services | 10,109 | N/A |

Note: The customer did not contribute 10% or more of the total revenue of the Group in current financial year.

There is no material inter-segment revenue.

The Group's revenue by geographical locations (as determined by the area or country in which the Group operates) is analysed as follows:

| | Year ended 31 December | |
|----------------|------------------------|------------------|
| | 2023 HK\$'000 | 2022 HK\$'000 |
| Canada | 39,756 | 45,267 |
| United States | 3,698 | — |
| Mainland China | 60,056 | 510 |
| | 103,510 | 45,777 |

The following is an analysis of the carrying amounts of the Group's assets analysed by geographical area in which the assets are located:

| | Year ended 31 December | |
|----------------|------------------------|------------------|
| | 2023 HK\$'000 | 2022 HK\$'000 |
| Canada | 72,336 | 95,015 |
| United States | 36,702 | 34,803 |
| Hong Kong | 4,805 | 3,111 |
| Mainland China | 27,961 | 21 |
| | 141,804 | 132,950 |

As at 31 December 2023, all material non-current assets, other than deferred income tax assets of approximately HK\$20,060,000 (2022: deferred income tax assets of approximately HK\$18,123,000), are located in Canada.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6 OTHER INCOME AND OTHER LOSSES/GAINS, NET

| | Year ended 31 December | |
|---|------------------------|------------------|
| | 2023 HK\$'000 | 2022 HK\$'000 |
| Other income | | |
| Subsidies (Note) | — | 72 |
| Compensation income for early termination of lease contract | — | 1,562 |
| Sundry income | 548 | — |
| | 548 | 1,634 |
| Other (losses)/gains, net | | |
| Foreign exchange (loss)/gain | (1,437) | 2,293 |
| Gain on disposal of joint venture | — | 182 |
| Fair value change in financial asset at FVTPL | 35 | 2 |
| | (1,402) | 2,477 |

Note: For the year ended 31 December 2022, it represented grants received in relation to wage subsidies from Employment Support Scheme ("ESS") under the Anti-epidemic Fund launched by the Hong Kong SAR Government. There are no unfulfilled conditions or contingencies relating to these grants as at 31 December 2022.

7 EXPENSES BY NATURE

| | Year ended 31 December | |
|--|------------------------|------------------|
| | 2023 HK\$'000 | 2022 HK\$'000 |
| Cost of package tours | 47,675 | — |
| Employee benefit expenses (including directors' emoluments) (Note 8) | 31,726 | 46,326 |
| Office, telecommunication and utility expenses | 2,780 | 3,279 |
| Depreciation of right-of-use assets (Note 27) | 1,839 | 1,706 |
| Short-term leases expenses | 341 | 991 |
| Advertising and promotion | 372 | 96 |
| Credit card fees | 25 | 46 |
| Auditor's remuneration | | |
| – Audit service | 1,575 | 1,500 |
| – Non-audit service | 582 | 816 |
| Depreciation of property, plant and equipment (Note 14) | 824 | 1,601 |
| Amortisation of intangible assets (Note 15) | 1 | 428 |
| Legal and professional fees | 2,915 | 2,537 |
| Service fees | 4,628 | 4,780 |
| Others | 3,323 | 3,982 |
| Total cost of sales, selling and administrative expenses | 98,606 | 68,088 |



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8 EMPLOYEE BENEFITS EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

| | Year ended 31 December | |
|--|------------------------|------------------|
| | 2023 HK\$'000 | 2022 HK\$'000 |
| Salaries, bonuses and allowances (including directors' emoluments) | 31,014 | 44,390 |
| Pension costs | 505 | 1,064 |
| Other employee benefits | 207 | 872 |
| | 31,726 | 46,326 |

The employees of the Group in Canada are members of the Canada Pension Plan operated by the Canadian government. The Group is required to contribute 5.95% (2022: 5.7%) of payroll costs to a retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement scheme is to make the specified contributions.

The employees of the Group in the U.S. are members of the social security operated by the U.S. government. The Group is required to contribute 6.2% (2022: 6.2%) of payroll costs to a retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement scheme is to make the specified contributions.

The employees of the Group's subsidiaries which operate in the PRC are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of its payroll costs, subject to a certain ceiling, as stipulated by the relevant regulations.

The employees of the Group in the HKSAR has participated in a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme. The MPF Scheme is administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK\$30,000, i.e. contribution of HK\$1,500 per month. Contributions are recognised as an expense in profit or loss as employees render services during the year. The Company's obligation under this plan is limited to the fixed percentage contributions payable.

HKSAR employees that have been employed continuously for at least five years are entitled to long service payments ("LSP") in accordance with the Hong Kong Employment Ordinance under certain circumstances. These circumstances include where an employee is dismissed for reasons other than serious misconduct or redundancy, that employee resigns at the age of 65 or above, or the employment contract is of fixed term and expires without renewal. The amount of LSP payable is determined with reference to the employee's final salary (capped at HK\$22,500) and the years of services, reduced by the amount of any accrued benefits derived from the Company's contribution to MPF Scheme, with an overall cap of HK\$390,000 per employee.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8 EMPLOYEE BENEFITS EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS) (CONTINUED)

In June 2022, the Government gazetted the Hong Kong Employment and Retirement Scheme Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "Amendment Ordinance") which will eventually abolish the statutory right of an employer to reduce its LSP payable to a Hong Kong employee by drawing on its mandatory contributions to the MPF Scheme. The Government has subsequently announced that the Amendment Ordinance will come into effect from 1 May 2025.

Among other things, once the abolition of the offsetting mechanism takes effect, an employer can no longer use any of the accrued benefits derived from its mandatory MPF contributions to reduce the LSP in respect of any employee's service from 1 May 2025. Moreover, the LSP in respect of the service before 1 May 2025 will be calculated based on the employee's monthly salary immediately before 1 May 2025 and the years of services up to that date. As at 31 December 2023 and 31 December 2022, it is considered that the Amendment Ordinance has no material impact on the Company's LSP liability with respect to employees that participate in the MPF Scheme.

During the year ended 31 December 2023, there are no forfeited contributions available to offset future retirement benefit obligations of the Group (2022: nil).

Five highest paid individuals

The five individuals whose emoluments were the highest in the Group included two directors for the years ended 31 December 2023 (2022: two). The emoluments paid/payable to the remaining three (2022: three) non-director highest paid individuals during year are as follows:

| | Year ended 31 December | |
|-----------------------------------|------------------------|------------------|
| | 2023 HK\$'000 | 2022 HK\$'000 |
| Salaries, allowances and benefits | 4,585 | 4,250 |
| Pension costs | 22 | 21 |
| | 4,607 | 4,271 |

The emoluments paid/payable to the non-director highest paid individuals fell within the following bands for the years ended 31 December 2023 and 2022 is as follows:

| Emolument bands | Year ended 31 December | |
|--------------------------------|------------------------|----------|
| | 2023 | 2022 |
| Nil to HK\$500,000 | — | — |
| HK\$500,001 to HK\$1,000,000 | 1 | 1 |
| HK\$1,000,001 to HK\$1,500,000 | 1 | 1 |
| HK\$1,500,001 to HK\$2,000,000 | — | 1 |
| HK\$2,000,001 to HK\$2,500,000 | 1 | — |
| | 3 | 3 |



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8 EMPLOYEE BENEFITS EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS) (CONTINUED)

Five highest paid individuals (continued)

There were no amounts paid/payable to the aforementioned three (2022: three) highest paid individuals as an inducement to join or upon joining the Group during the years ended 31 December 2023.

There was no compensation paid/payable to the aforementioned three (2022: three) highest paid individuals for the loss of any office in connection with the management of the affairs of the Company and its subsidiaries during the years ended 31 December 2023.

9 DIRECTORS' BENEFITS AND INTERESTS

The remuneration of each Director of the Company paid/payable by the Group for the years ended 31 December 2023 and 2022 is set out below:

Year ended 31 December 2023

| Name | Fees HK\$'000 | Salaries, other allowances and benefits HK\$'000 | Pension costs – defined contribution plan HK\$'000 | Total HK\$'000 |
|--|------------------|--|--|-------------------|
| Executive Directors | | | | |
| Dr. Mariana Kou Chung Yin (Chairperson & Chief Executive Officer) | – | 2,500 | 18 | 2,518 |
| Mr. Liu Xue Bin | – | 1,200 | 18 | 1,218 |
| Non-executive Director | | | | |
| Mr. Liu Jiefeng | 100 | – | – | 100 |
| Independent Non-executive Directors (“INED”) | | | | |
| Mr. Benny Fong Wai Bun | 100 | – | – | 100 |
| Ms. Chloe Suen Yin Wah | 100 | – | – | 100 |
| Ms. Kwan Ka Yee | 100 | – | – | 100 |
| | 400 | 3,700 | 36 | 4,136 |



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9 DIRECTORS' BENEFITS AND INTERESTS (CONTINUED)

Year ended 31 December 2022

| Name | Fees HK\$'000 | Salaries, other allowances and benefits HK\$'000 | Pension costs – defined contribution plan HK\$'000 | Total HK\$'000 |
|--|------------------|--|--|-------------------|
| Executive Directors | | | | |
| Dr. Mariana Kou Chung Yin (Chairperson & Chief Executive Officer) | – | 2,500 | 18 | 2,518 |
| Mr. Liu Xue Bin | – | 1,200 | 18 | 1,218 |
| Non-executive Director | | | | |
| Mr. Liu Jiefeng | 100 | – | – | 100 |
| Independent Non-executive Directors (“INED”) | | | | |
| Mr. Benny Fong Wai Bun | 100 | – | – | 100 |
| Ms. Chloe Suen Yin Wah | 100 | – | – | 100 |
| Ms. Kwan Ka Yee | 100 | – | – | 100 |
| | 400 | 3,700 | 36 | 4,136 |

The Group has not paid consideration to any third parties for making available Directors' services during the year ended 31 December 2023 (2022: nil).

As at 31 December 2023, there were no loans, quasi-loans and other dealing arrangements in favour of the directors, bodies corporate controlled by and connected entities with the directors (2022: nil).

Save as disclosed in Note 33 to the consolidated financial statement, no significant transactions, arrangements and contracts in relation to the Group's business to which the Group was a party and in which a director had a material interest, whether directly or indirectly, subsisted at 31 December 2023 or at any time during the year ended 31 December 2023 (2022: nil).

There was no arrangement under which a director waived or agreed to waive any emoluments during the year ended 31 December 2023 (2022: nil).

There were no amounts paid/payable to directors as an inducement to join or upon joining the Group during the year ended 31 December 2023 (2022: nil).

There was no compensation paid/payable to directors or past Directors for the loss of office as a director or for the loss of any other office in connection with the management of the affairs of the Company and its subsidiaries during the year ended 31 December 2023 (2022: nil).

There were no other emoluments paid/payable to the INED during the year ended 31 December 2023 (2022: nil).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10 FINANCE COSTS, NET

| | Year ended 31 December | |
|--|------------------------|------------------|
| | 2023 HK\$'000 | 2022 HK\$'000 |
| Finance income | | |
| – Interest income | 177 | 6 |
| Finance costs | | |
| – Interest expense on lease liabilities | (138) | (168) |
| – Imputed interest expense on loan from government | (109) | (123) |
| | (247) | (291) |
| Finance costs, net | (70) | (285) |

11 INCOME TAX EXPENSE/(CREDIT)

Canadian corporate income tax has been provided at the rate of approximately 26.5% for the year ended 31 December 2023 (2022: approximately 26.5%) on the Group's respective taxable income, if any. United States federal income tax has been provided at the rate of 21% for the year ended 31 December 2023 (2022: 21%) on the Group's respective taxable income and the United States state and city tax has been calculated on the estimated assessable profit at 14.95% for the year ended 31 December 2023 (2022: 14.95%). PRC enterprise income tax has been provided at the rate of 25% for the year ended 31 December 2023 (2022: nil) on the Group's respective taxable income.

| | Year ended 31 December | |
|---|------------------------|------------------|
| | 2023 HK\$'000 | 2022 HK\$'000 |
| Current income tax | | |
| – Canadian corporate income tax | (12,321) | — |
| – US federal income tax | 11 | — |
| – US state income tax | 3 | — |
| – PRC enterprise income tax | 584 | — |
| – Recognition of previously unrecognised deferred tax loss (Note) | — | — |
| – (Over)/under provision in prior years | (10) | 115 |
| Deferred income tax (Note 21) | 13,967 | (1,188) |
| Income tax expense/(credit) | 2,234 | (1,073) |



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11 INCOME TAX EXPENSE/(CREDIT) (CONTINUED)

The tax on the Group's profit/(loss) before income tax differs from the theoretical amount that would arise using the tax rates applicable to profits/(loss) of the entities under the Group as follows:

| | Year ended 31 December | |
|---|------------------------|------------------|
| | 2023 HK\$'000 | 2022 HK\$'000 |
| Profit/(Loss) before income tax | 5,151 | (14,875) |
| Tax calculated at domestic tax rates applicable to (profits)/loss in the respective countries | 4,497 | (880) |
| Tax effect of income not subject to tax | (1) | (399) |
| Tax effect of expenses not deductible for tax purposes | 98 | 91 |
| (Over)/under provision in prior years | (10) | 115 |
| Utilisation of tax losses previously not recognised | (12) | — |
| Effect of tax exemptions granted to PRC subsidiaries | (2,338) | — |
| Income tax expense/(credit) | 2,234 | (1,073) |

12 EARNINGS/(LOSS) PER SHARE

Basic profit/(loss) per share is calculated by dividing the profit/(loss) attributable to owners of the Company by the weighted average number of ordinary shares in issue during the respective years stated in note 23.

| | Year ended 31 December | |
|---|------------------------|-----------|
| | 2023 | 2022 |
| Profit/(Loss) attributable to owners of the Company (HK\$'000) | 2,917 | (13,802) |
| Weighted average number of ordinary shares in issue (Number of shares in thousand) | 1,200,000 | 1,200,000 |
| Basic and diluted earnings/(loss) per share (HK Cents) | 0.2 | (1.2) |

Diluted earnings/(loss) per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. Potential ordinary shares are dilutive when, and only when, their conversion to ordinary shares would decrease earnings per share or increase loss per share. For the years ended 31 December 2023 and 2022, the Group has no dilutive potential ordinary shares.

13 DIVIDEND

The directors of the Company do not recommend the payment of a final dividend in respect of the year ended 31 December 2023 (2022: nil).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14 PROPERTY, PLANT AND EQUIPMENT

| | Leasehold improvements HK\$'000 | Furniture, fixtures and office equipment HK\$'000 | Computer equipment HK\$'000 | Motor vehicle HK\$'000 | Total HK\$'000 |
|--|---------------------------------------|---|-----------------------------------|------------------------------|-------------------|
| Year ended 31 December 2023 | | | | | |
| Cost | | | | | |
| As at 1 January 2023 | 1,585 | 2,592 | 6,242 | 678 | 11,097 |
| Additions | — | — | 40 | — | 40 |
| Disposals | — | (260) | — | — | (260) |
| Exchange differences | 5 | 67 | 174 | — | 246 |
| As at 31 December 2023 | 1,590 | 2,399 | 6,456 | 678 | 11,123 |
| Accumulated depreciation and impairment | | | | | |
| As at 1 January 2023 | 1,114 | 2,498 | 5,958 | 147 | 9,717 |
| Charge for the year | 459 | 56 | 174 | 135 | 824 |
| Disposals | — | (260) | — | — | (260) |
| Exchange differences | 5 | 67 | 168 | — | 240 |
| As at 31 December 2023 | 1,578 | 2,361 | 6,300 | 282 | 10,521 |
| Net carrying amount | 12 | 38 | 156 | 396 | 602 |



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

| | Leasehold improvements HK\$'000 | Furniture, fixtures and office equipment HK\$'000 | Computer equipment HK\$'000 | Motor vehicle HK\$'000 | Total HK\$'000 |
|--|---------------------------------------|---|-----------------------------------|------------------------------|-------------------|
| Year ended 31 December 2022 | | | | | |
| Cost | | | | | |
| As at 1 January 2022 | 9,280 | 2,769 | 6,554 | 678 | 19,281 |
| Additions | — | — | 79 | — | 79 |
| Disposals | (7,522) | — | — | — | (7,522) |
| Exchange differences | (173) | (177) | (391) | — | (741) |
| As at 31 December 2022 | 1,585 | 2,592 | 6,242 | 678 | 11,097 |
| Accumulated depreciation and impairment | | | | | |
| As at 1 January 2022 | 6,646 | 2,569 | 5,887 | 11 | 15,113 |
| Charge for the year | 928 | 98 | 439 | 136 | 1,601 |
| Disposals | (6,320) | — | — | — | (6,320) |
| Exchange differences | (140) | (169) | (368) | — | (677) |
| As at 31 December 2022 | 1,114 | 2,498 | 5,958 | 147 | 9,717 |
| Net carrying amount | 471 | 94 | 284 | 531 | 1,380 |

Depreciation is included in the following categories in the consolidated statement of comprehensive income:

| | Year ended 31 December | |
|-------------------------|------------------------|------------------|
| | 2023 HK\$'000 | 2022 HK\$'000 |
| Selling expenses | 129 | 581 |
| Administrative expenses | 695 | 1,020 |
| | 824 | 1,601 |



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15 INTANGIBLE ASSETS

| | Computer software HK\$'000 |
|---|-------------------------------|
| Year ended 31 December 2023 | |
| Cost | |
| As at 1 January 2023 | 13,980 |
| Exchange differences | 390 |
| As at 31 December 2023 | 14,370 |
| Accumulated amortisation and impairment | |
| As at 1 January 2023 | 13,979 |
| Charge for the year | 1 |
| Exchange differences | 390 |
| As at 31 December 2023 | 14,370 |
| Net carrying amount | — |
| Year ended 31 December 2022 | |
| Cost | |
| As at 1 January 2022 | 14,936 |
| Exchange differences | (956) |
| As at 31 December 2022 | 13,980 |
| Accumulated amortisation and impairment | |
| As at 1 January 2022 | 14,498 |
| Charge for the year | 428 |
| Exchange differences | (947) |
| As at 31 December 2022 | 13,979 |
| Net carrying amount | 1 |

Amortisation is included in the following categories in the consolidated statement of comprehensive income:

| | Year ended 31 December | |
|-------------------------|------------------------|------------------|
| | 2023 HK\$'000 | 2022 HK\$'000 |
| Selling expenses | 1 | 324 |
| Administrative expenses | — | 104 |
| | 1 | 428 |



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16 INTERESTS IN JOINT VENTURE

On 4 August 2022, the Group entered into a sale and purchase agreement (“S&P agreement”) with a third party independent and its connected persons to sell the Company’s entire equity interest in the joint venture, Triplabs (BVI) Limited, at a consideration of approximately HK\$9,230,000. The transaction was completed simultaneously on the date of signing of the S&P agreement. Gain on disposal of approximately HK\$182,000 was recognised for the year ended 31 December 2022, which is calculated as follows:

| | Year ended 31 December 2022 HK\$’000 |
|---|---|
| Consideration received | 9,230 |
| Carrying amount of its entire interest in the joint venture | (9,048) |
| Gain on disposal of joint venture | 182 |

17 FINANCIAL INSTRUMENTS BY CATEGORY

| | Loans and receivables HK\$’000 | Financial asset measured at FVTPL HK\$’000 | Financial asset measured at FVTOCI HK\$’000 | Total HK\$’000 |
|--|--------------------------------------|--|---|-------------------|
| Assets as per consolidated statement of financial position As at 31 December 2023 | | | | |
| Trade receivables | 32,706 | — | — | 32,706 |
| Deposits and other receivables | 44,929 | — | — | 44,929 |
| Cash and cash equivalents | 26,433 | — | — | 26,433 |
| Financial asset at FVTPL | — | 1,498 | — | 1,498 |
| Financial asset at FVTOCI | — | — | 1,687 | 1,687 |
| Total | 104,068 | 1,498 | 1,687 | 107,253 |



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17 FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

| | Loans and receivables HK\$'000 | Financial assets measured at FVTPL HK\$'000 | Financial asset measured at FVTOCI HK\$'000 | Total HK\$'000 |
|--|--------------------------------------|---|---|-------------------|
| Assets as per consolidated statement of financial position As at 31 December 2022 | | | | |
| Trade receivables | 2,158 | — | — | 2,158 |
| Deposits and other receivables | 33,530 | — | — | 33,530 |
| Cash and cash equivalents | 43,780 | — | — | 43,780 |
| Financial asset at FVTPL | — | 1,426 | — | 1,426 |
| Financial asset at FVTOCI | — | — | 3,187 | 3,187 |
| Total | 79,468 | 1,426 | 3,187 | 84,081 |

| | Liabilities measured at amortised cost HK\$'000 |
|---|--|
| As at 31 December 2023 | |
| Trade payables | 15,273 |
| Accruals and other payables (excluding sales tax payable and accrued staff costs and management fees) | 57,152 |
| Loan from government | 3,339 |
| Lease liabilities | 3,823 |
| Total | 79,587 |

| | |
|---|---------------|
| As at 31 December 2022 | |
| Trade payables | 12 |
| Accruals and other payables (excluding sales tax payable and accrued staff costs and management fees) | 63,464 |
| Loan from government | 4,010 |
| Lease liabilities | 4,098 |
| Total | 71,584 |



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18 TRADE RECEIVABLES

| | As at 31 December 2023 HK\$'000 | As at 31 December 2022 HK\$'000 |
|----------------------------------|--|--|
| Incentive commission receivables | 4,981 | 1,831 |
| Less: ECLs allowance | (50) | (436) |
| | 4,931 | 1,395 |
| Other trade receivables | 28,227 | 795 |
| Less: ECLs allowance | (452) | (32) |
| | 27,775 | 763 |
| | 32,706 | 2,158 |

Trade receivables primarily represent trade receivables from travel products and services (2022: business process management income receivables). The payment period from customers is generally 90 days (2022: ranged from 30 to 90 days).

The aging analysis of trade receivables (net of ECLs allowance) based on invoice date is as follows:

| | As at 31 December 2023 HK\$'000 | As at 31 December 2022 HK\$'000 |
|--------------|--|--|
| 0 to 60 days | 16,079 | 1,096 |
| Over 60 days | 16,627 | 1,062 |
| | 32,706 | 2,158 |

As at 31 December 2023, these balances represented receivables from sales of travel products and services and incentive commission receivables from airlines (2022: business process management income receivables and incentive commission receivables from airlines). Based on past experience and customers' repayment record, the amounts can be recovered.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18 TRADE RECEIVABLES (CONTINUED)

The aging analysis of these trade receivables (net of ECLs allowance), based on past due date, is as follows:

| | As at 31 December | |
|-------------|-------------------|------------------|
| | 2023 HK\$'000 | 2022 HK\$'000 |
| Not overdue | 28,070 | 2,158 |
| 1-90 days | 4,636 | — |
| | 32,706 | 2,158 |

The carrying amounts of trade receivables approximate their fair values at each reporting date and are denominated in the following currencies:

| | As at 31 December | |
|-----|-------------------|------------------|
| | 2023 HK\$'000 | 2022 HK\$'000 |
| CAD | 4,418 | 893 |
| USD | 513 | 1,265 |
| RMB | 27,775 | — |
| | 32,706 | 2,158 |

The maximum exposure to credit risk is the carrying amount of trade receivables and the Group does not have any receivables held as collateral or security.

19 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

| | As at 31 December | |
|--|-------------------|------------------|
| | 2023 HK\$'000 | 2022 HK\$'000 |
| Rental and other deposits | 422 | 371 |
| Prepaid expenses | 1,389 | 829 |
| Prepaid tour and air ticket costs | 1,439 | 1,646 |
| Receivables from travel companies for ticket costs | 127,710 | 117,052 |
| Other receivables | 189 | 318 |
| | 131,149 | 120,216 |
| Less: ECLs allowance | (83,392) | (84,211) |
| | 47,757 | 36,005 |



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (CONTINUED)

The carrying amounts of deposits and other receivables approximated their fair values at each reporting date. The deposits and other receivables are denominated in the following currencies:

| | As at 31 December | |
|--------|-------------------|------------------|
| | 2023 HK\$'000 | 2022 HK\$'000 |
| CAD | 28,036 | 19,666 |
| USD | 16,654 | 13,671 |
| Others | 239 | 193 |
| | 44,929 | 33,530 |

20 CASH AND CASH EQUIVALENTS

| | As at 31 December | |
|---------------|-------------------|------------------|
| | 2023 HK\$'000 | 2022 HK\$'000 |
| Cash on hand | — | 1 |
| Cash at banks | 26,433 | 43,779 |
| | 26,433 | 43,780 |

Cash at banks and on hand are denominated in the following currencies:

| | As at 31 December | |
|--------|-------------------|------------------|
| | 2023 HK\$'000 | 2022 HK\$'000 |
| CAD | 21,180 | 37,581 |
| USD | 2,254 | 4,905 |
| HKD | 2,354 | 1,248 |
| Others | 645 | 46 |
| | 26,433 | 43,780 |



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21 DEFERRED INCOME TAX

The analysis of deferred income tax assets of the Group is as follows:

| | As at 31 December | |
|---|-------------------|------------------|
| | 2023 HK\$'000 | 2022 HK\$'000 |
| Deferred income tax assets | | |
| Tax losses | 1,798 | 15,534 |
| Other deductible temporary differences (including ECLs allowance) | 26,363 | 26,244 |
| | 28,161 | 41,778 |

The gross movement of deferred income tax assets during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred income tax assets

| | 2023 HK\$'000 | 2022 HK\$'000 |
|--|------------------|------------------|
| Tax losses | | |
| At 1 January | 15,534 | 15,135 |
| (Charged)/credited to profit or loss (Note 11) | (13,864) | 2,134 |
| Exchange differences | 128 | (1,735) |
| At 31 December | 1,798 | 15,534 |

| | 2023 HK\$'000 | 2022 HK\$'000 |
|--|------------------|------------------|
| Other deductible temporary differences (including ECLs allowance) | | |
| At 1 January | 26,244 | 28,086 |
| Charged to profit or loss (Note 11) | (103) | (1,236) |
| Exchange differences | 222 | (606) |
| At 31 December | 26,363 | 26,244 |



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21 DEFERRED INCOME TAX (CONTINUED)

Deferred income tax assets (continued)

The Group has US state tax losses, US city tax losses and US federal tax losses in the amount of approximately HK\$2,786,000, approximately HK\$2,785,000 and approximately HK\$2,734,000 respectively (2022: approximately HK\$3,148,000, approximately HK\$3,147,000 and approximately HK\$2,934,000) as at 31 December 2023 which are available for offsetting against future taxable profit of the company in which the losses arose. US state tax losses of approximately HK\$107,000, approximately HK\$643,000 and approximately HK\$2,036,000 (2022: approximately HK\$214,000, approximately HK\$901,000 and approximately HK\$2,033,000) expire by 31 December 2024, 31 December 2041 and 31 December 2042 respectively while US city tax losses of approximately HK\$107,000, approximately HK\$642,000 and approximately HK\$2,036,000 (2022: approximately HK\$214,000, approximately HK\$900,000 and approximately HK\$2,033,000) expire by 31 December 2024, 31 December 2041 and 31 December 2042 respectively. The US federal tax losses have no expiry date. The Group has non-capital tax losses in Canada of approximately HK\$3,425,000 (2022: approximately HK\$5,272,000) expire by 31 December 2042 and no capital tax losses in Canada (2022: nil) with no expiry dates as at 31 December 2023. These tax losses are subject to further approval by the relevant tax authority. All the deferred tax assets resulting from tax losses during the year have been recognised.

Deferred income tax assets are recognised for unused tax losses carried forward to the extent it is probable that future taxable profit will be available against which the unused tax losses can be utilised, based on all available evidence.

Deferred income tax liabilities

| | 2023 HK\$'000 | 2022 HK\$'000 |
|--------------------------------------|------------------|------------------|
| Accelerated tax depreciation | | |
| At 1 January | — | (296) |
| Credited to profit or loss (Note 11) | — | 290 |
| Exchange differences | — | 6 |
| At 31 December | — | — |



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22 FINANCIAL ASSETS AT FVTPL/FVTOCI

| | | As at 31 December 2023 HK\$'000 | As at 31 December 2022 HK\$'000 |
|----------------------------------|------|--|--|
| Non-current assets | Note | | |
| <i>Financial asset at FVTPL</i> | | | |
| Government Bond | (i) | 1,498 | — |
| <i>Financial asset at FVTOCI</i> | | | |
| Unlisted equity investments | (ii) | 1,687 | 3,187 |
| Current assets | | | |
| <i>Financial asset at FVTPL</i> | | | |
| Government Bond | (i) | — | 1,426 |

Notes

- (i) This represents a government bond issued by the Canadian government. The carrying amount of the government bond issued by the Canadian government was approximately CAD254,000 (equivalent to approximately HK\$1,498,000) as at 31 December 2023 (2022: approximately CAD248,000, equivalent to approximately HK\$1,426,000). The interest rate for the bond is 3.6% with a maturity date of 15 February 2025 (2022: 1.8% with a maturity date of 21 March 2023). Fair value gain on the government bond of approximately HK\$35,000 was recognised in "other losses/gains, net" for the year ended 31 December 2023 (2022: fair value gain of approximately HK\$2,000).

The bond is held as a security pledge for the operating permits required under the Quebec Travel Agents Act by the OPC.

- (ii) The unlisted equity investment measured at FVTOCI was acquired in June 2019. The directors of the Company classified the investment as financial asset at FVTOCI as the investment represented 1.4% of the equity interests and it is held for long term strategic gains and not for trading. The fair value of the unlisted equity investment is a level 3 recurring fair value measurement. The fair value is measured by reference to a valuation report issued by an independent valuation expert with market approach (note 3.3). Fair value loss on the unlisted equity investment of approximately HK\$1,757,000 was recognised in other comprehensive income for the year ended 31 December 2023 (2022: fair value gain of approximately HK\$220,000).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23 SHARE CAPITAL AND OTHER RESERVE

(a) Share capital

| | Number of ordinary shares ('000) | Nominal value of ordinary shares HK\$'000 |
|---|----------------------------------|---|
| Authorised: | | |
| Ordinary shares of HK\$0.0001 each | | |
| As at 1 January 2022, and 31 December 2022 and 2023 | 90,000,000 | 9,000 |
| Issued and fully paid: | | |
| As at 1 January 2022, and 31 December 2022 and 2023 | 1,200,000 | 120 |

(b) Other reserve

The other reserve presented in the consolidated statements of financial position represented the difference between the face value and the redemption value of the 10,000,000 Class A redeemable preference shares issued to the shareholders on 1 September 2011.

Upon completion of the exchange of redeemable preference shares into the ordinary shares of the Company on 9 October 2017 for reorganisation, the carrying amount of redeemable preference shares amounting to HK\$54,920,000 was recorded in other reserve.

(c) Financial asset at FVTOCI reserve

Financial asset at FVTOCI reserve comprises the cumulative net change in fair value of unlisted equity investments held at the end of the reporting period and is dealt with in accordance with the accounting policies in note 2.22.

(d) Statutory reserve

Statutory reserve represents appropriation of profits of the PRC subsidiaries to non-distributable reserve fund account as required by the relevant PRC statute.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24 TRADE PAYABLES

The ageing analysis of trade payables based on invoice date are as follows:

| | As at 31 December 2023 HK\$'000 | As at 31 December 2022 HK\$'000 |
|---------------|--|--|
| 0 to 30 days | 8,719 | 12 |
| 31 to 60 days | 6,554 | — |
| | 15,273 | 12 |

Trade payables are denominated in the following currencies:

| | As at 31 December | |
|-----|-------------------|------------------|
| | 2023 HK\$'000 | 2022 HK\$'000 |
| RMB | 15,273 | — |
| USD | — | 12 |
| | 15,273 | 12 |

25 ACCRUALS AND OTHER PAYABLES AND CONTRACT LIABILITIES

(a) Accruals and other payables

| | As at 31 December 2023 HK\$'000 | As at 31 December 2022 HK\$'000 |
|---|--|--|
| Accrued staff costs and management fees | 875 | 752 |
| Accrued expenses | 6,447 | 3,456 |
| Payables to airlines (Note) | 10,861 | 17,847 |
| Receipt in advance from a customer in relation to travel business process management | 30,728 | 35,200 |
| Sales tax payable | 546 | 475 |
| Payables to travel companies | 851 | 1,403 |
| Other payables | 8,265 | 5,558 |
| | 58,573 | 64,691 |

Note:

The payables to airlines include amounts collected from customers reserved only for the purchase of travel services.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25 ACCRUALS AND OTHER PAYABLES AND CONTRACT LIABILITIES (CONTINUED)

(a) Accruals and other payables (continued)

The carrying amounts of the accruals and other payables (excluding sales tax payable and accrued staff costs and management fees) approximate to their fair values as at year end and are denominated in the following currencies:

| | As at 31 December | |
|-----|-------------------|------------------|
| | 2023 HK\$'000 | 2022 HK\$'000 |
| CAD | 51,605 | 59,368 |
| USD | 1,798 | 2,259 |
| HKD | 3,749 | 1,837 |
| | 57,152 | 63,464 |

(b) Contract liabilities

| | As at 31 December | |
|--|-------------------|------------------|
| | 2023 HK\$'000 | 2022 HK\$'000 |
| Contract liabilities arising from sale of travel products and services | 21 | 21 |
| Contract liabilities arising from sale of air ticket distribution | 66 | 74 |
| | 87 | 95 |

Certain deposits the Group received from the sale of travel products and services and air ticket distribution remain as a contract liability until such time as the work completed to date outweighs it.

The movements in contract liabilities are as follow:

| | 2023 HK\$'000 | 2022 HK\$'000 |
|--|------------------|------------------|
| Balance as at 1 January | 95 | 415 |
| Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of year | (9) | (390) |
| Exchange differences | 1 | (25) |
| | — | — |
| Increase in contract liabilities as a result of billing in advance | — | 83 |
| Exchange differences | — | 12 |
| Balance as at 31 December | 87 | 95 |



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26 BANKING FACILITIES

As at 31 December 2022, the Group has banking facilities available in the form of letters of guarantee of approximately HK\$14,766,000 (2022: approximately HK\$14,394,000) in which approximately HK\$5,092,000 (2022: approximately HK\$4,935,000) was utilised and secured by a Canadian Crown corporation, an enterprise wholly owned by the Government of Canada.

The Group was in compliance with all banking covenants as at 31 December 2023 and 2022.

27 LEASES

Nature of leasing activities (in the capacity as lessee)

The Group leases a number of properties in the jurisdictions from which it operates. The periodic rent of all property leases is fixed over the lease term.

RIGHT-OF-USE ASSETS

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

| | 31 December 2023 HK\$'000 | 31 December 2022 HK\$'000 |
|--|---------------------------------|---------------------------------|
| Equipment and properties leased for own use, carried at depreciated cost | | |
| Office equipment, carried at depreciated cost | 29 | 40 |
| Office premises, carried at depreciated cost | 2,635 | 2,896 |
| Total | 2,664 | 2,936 |

| Reconciliation of right-of-use assets | Office equipment HK\$'000 | Office premise HK\$'000 | Total HK\$'000 |
|---|---------------------------------|-------------------------------|-------------------|
| At 1 January 2022 | 49 | 3,199 | 3,248 |
| Addition | — | 1,554 | 1,554 |
| Depreciation | (9) | (1,697) | (1,706) |
| Exchange differences | — | (160) | (160) |
| At 31 December 2022 and at 1 January 2023 | 40 | 2,896 | 2,936 |
| Addition | — | 1,525 | 1,525 |
| Depreciation | (11) | (1,828) | (1,839) |
| Exchange differences | — | 42 | 42 |
| At 31 December 2023 | 29 | 2,635 | 2,664 |



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27 LEASES (CONTINUED)

Nature of leasing activities (in the capacity as lessee) (continued)

LEASE LIABILITIES

| Reconciliation of lease liabilities | Office equipment HK\$'000 | Office premise HK\$'000 | Total HK\$'000 |
|---|------------------------------|----------------------------|-------------------|
| At 1 January 2022 | 49 | 4,434 | 4,483 |
| Additions | — | 1,554 | 1,554 |
| Interest expenses | 1 | 167 | 168 |
| Repayments | (12) | (1,858) | (1,870) |
| Exchange differences | — | (237) | (237) |
| At 31 December 2022 and at 1 January 2023 | 38 | 4,060 | 4,098 |
| Additions | — | 1,525 | 1,525 |
| Interest expenses | 1 | 137 | 138 |
| Repayments | (12) | (1,999) | (2,011) |
| Exchange differences | — | 73 | 73 |
| At 31 December 2023 | 27 | 3,796 | 3,823 |

Future lease payments are due as follows:

| | Minimum lease payments 31 December 2023 HK\$'000 | Interest 31 December 2023 HK\$'000 | Present value 31 December 2023 HK\$'000 |
|--|--|--|---|
| Not later than one year | 2,099 | (41) | 2,058 |
| Later than one year and not later than two years | 1,848 | (88) | 1,760 |
| Later than two years and not later than five years | 5 | — | 5 |
| | 3,952 | (129) | 3,823 |



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27 LEASES (CONTINUED)

Nature of leasing activities (in the capacity as lessee) (continued)

LEASE LIABILITIES (continued)

| | Minimum lease payments 31 December 2022 HK\$'000 | Interest 31 December 2022 HK\$'000 | Present value 31 December 2022 HK\$'000 |
|--|---|---|--|
| Not later than one year | 1,748 | (29) | 1,719 |
| Later than one year and not later than two years | 1,286 | (72) | 1,214 |
| Later than two years and not later than five years | 1,272 | (107) | 1,165 |
| | 4,306 | (208) | 4,098 |

The present value of future lease payments are analysed as:

| | 2023 HK\$'000 | 2022 HK\$'000 |
|-------------------------|------------------|------------------|
| Current liabilities | 2,058 | 1,719 |
| Non-current liabilities | 1,765 | 2,379 |
| | 3,823 | 4,098 |

| | 2023 HK\$'000 | 2022 HK\$'000 |
|--------------------------|------------------|------------------|
| Short term lease expense | 341 | 991 |

28 LOAN FROM GOVERNMENT

The maturities of a loan from government, based on the scheduled repayment dates set out in the loan agreement is as follow:

| | 31 December 2023 HK\$'000 | 31 December 2022 HK\$'000 |
|---|---------------------------------|---------------------------------|
| Repayable within one year | 798 | 755 |
| Repayable after one year but within two years | 822 | 778 |
| Repayable after two years but within five years | 1,719 | 2,477 |
| Repayable after five years | — | — |
| | 3,339 | 4,010 |

The Group obtained a loan from the Government of Canada under the Regional Economic Growth Through Innovation program. As at 31 December 2023 and 2023, the Group's borrowing were denominated in CAD and non-interest bearing.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29 AMOUNT DUE TO IMMEDIATE HOLDING COMPANY

The amount due to immediate holding company is unsecured, non-interest bearing and repayable on demand.

30 CASH USED IN OPERATIONS

| | Year ended 31 December | |
|---|------------------------|------------------|
| | 2023 HK\$'000 | 2022 HK\$'000 |
| Cash flows from operating activities | | |
| Profit/(Loss) before income tax | 5,151 | (14,875) |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 824 | 1,601 |
| Amortisation of intangible assets | 1 | 428 |
| Depreciation of right-of-use assets | 1,839 | 1,706 |
| Foreign exchange loss/(gain) | 1,437 | (2,293) |
| Finance costs, net | 70 | 285 |
| Fair value change in financial assets at FVTPL | (35) | (2) |
| Reversal of ECLs allowance on financial assets | (1,171) | (3,962) |
| Share of net losses of joint ventures | — | 352 |
| Gain on disposal of joint venture | — | (182) |
| Operating net cash inflow/(outflow) before changes in working capital | 8,116 | (16,942) |
| Changes in working capital: | | |
| Trade receivables | (31,021) | 9,171 |
| Prepayments, deposits and other receivables | (9,449) | (6,236) |
| Trade payables | 15,344 | (11,182) |
| Accruals and other payables | (7,529) | 12,247 |
| Contract liabilities | (9) | (307) |
| Cash used in from operations | (24,548) | (13,249) |

Significant non-cash transaction

During the year ended 31 December 2023, there was approximately HK\$12 million of income tax payable was offsetting against the deferred tax assets under the approval of the Canadian tax authority (2022: nil).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

| | Loan from government HK\$'000 | Lease liabilities HK\$'000 | Amount due to immediate holding company HK\$'000 | Total HK\$'000 |
|---|-------------------------------------|-------------------------------|---|-------------------|
| At 1 January 2022 | 4,160 | 4,483 | — | 8,643 |
| Non-cash changes: | | | | |
| – Interest expense | 123 | 168 | — | 291 |
| – Additions of lease liabilities | — | 1,554 | — | 1,554 |
| Repayment of principal elements | — | (1,702) | — | (1,702) |
| Repayment of interest elements | — | (168) | — | (168) |
| Foreign exchange adjustments | (273) | (237) | — | (510) |
| At 31 December 2022 | 4,010 | 4,098 | — | 8,108 |
| Non-cash changes: | | | | |
| – Interest expense | 109 | 138 | — | 247 |
| – Additions of lease liabilities | — | 1,525 | — | 1,525 |
| Advance from immediate holding company | — | — | 10,000 | 10,000 |
| Repayment of principal elements | (870) | (1,873) | — | (2,743) |
| Repayment of interest elements | — | (138) | — | (138) |
| Foreign exchange adjustments | 90 | 73 | — | 163 |
| At 31 December 2023 | 3,339 | 3,823 | 10,000 | 17,162 |

32 CONTINGENT LIABILITIES

From time to time, the Group subjected to various legal claims arising in the normal course of business. The ultimate outcome of these claims cannot be determined. However, management considers an outflow of resources for these claims is not probable, therefore no provision has been recognised.

Apart from the aforesaid claims, the Group was not involved in any other material litigation or arbitration during the years ended 31 December 2023 (2022: nil).

33 RELATED PARTY TRANSACTIONS

Parties are considered to be related to the Group if the party has the ability, directly or indirectly, to exercise significant influence over the Group in making financial and operating decisions. Related parties may be individuals (being members of key management personnel, significant shareholders and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the Group where those parties are individuals. Parties are also considered to be related if they are subject to common control.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33 RELATED PARTY TRANSACTIONS (CONTINUED)

Management is of the view that the following were related parties that had transactions or balances with the Group as at and during each of the year end.

| Name | Relationships |
|---------------------------|-------------------|
| Mr. Liu Xue Bin | Director |
| Dr. Mariana Kou Chung Yin | Director |
| Mr. Liu Jiefeng | Director |
| Mrs. Rita Pik Fong Tsang | Senior management |
| Ms. Annie Shuk Fong Tsu | Senior management |

(a) Transactions with key management personnel

Key management includes executive directors (executive) and other management of the Group. The Group had the following transactions with key management personnel:

| | Year ended 31 December | |
|--|------------------------|------------------|
| | 2023 HK\$'000 | 2022 HK\$'000 |
| Compensation income for early termination of lease contract (Note (b)) | — | 1,042 |
| Proceeds from disposal of property, plant and equipment (Note (b)) | — | 802 |
| | — | 1,844 |

Notes:

- The above transactions were mutually agreed by both parties at a fixed sum or charged based on cost incurred.
- During the year ended 31 December 2022, such short-term lease agreement was early terminated and compensation income for the early termination was then received by the Group from the landlords, two of which were the key management personnel of the Group. Moreover, certain property, plant and equipment were also disposed at their net book value of approximately HK\$802,000 to the key management personnel as a result of the early termination for the year ended 31 December 2022.

(b) Key management compensation

The compensation paid or payable to key management for employee services during the year are shown below:

| | Year ended 31 December | |
|----------------------------------|------------------------|------------------|
| | 2023 HK\$'000 | 2022 HK\$'000 |
| Salaries, bonuses and allowances | 8,946 | 8,510 |
| Pension costs | 89 | 78 |
| | 9,035 | 8,588 |

Note:

The key management compensation paid or payable to key management included the salaries, bonuses and allowances, and pension costs paid or payable to executive directors and senior management only.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENTS OF THE COMPANY

| | Notes | As at 31 December 2023 HK\$'000 | As at 31 December 2022 HK\$'000 |
|---|-------|--|--|
| ASSETS | | | |
| Non-current assets | | | |
| Investment in subsidiaries | 35 | 78,000 | 151,200 |
| Property, plant and equipment | | 413 | 1,026 |
| Right-of-use assets | | 1,299 | 454 |
| Deferred income tax assets | | — | 13,148 |
| | | 79,712 | 165,828 |
| Current assets | | | |
| Prepayment | | 259 | 466 |
| Amount due from subsidiaries | | 16,337 | 15,560 |
| Cash and cash equivalents | | 2,254 | 1,165 |
| | | 18,850 | 17,191 |
| Total assets | | 98,562 | 183,019 |
| EQUITY | | | |
| Equity attributable to the owners of the Company | | | |
| Share capital | 23(a) | 120 | 120 |
| Share premium | (i) | 88,248 | 88,248 |
| Other reserve | (i) | 77,909 | 151,109 |
| Accumulated losses | (i) | (80,621) | (70,524) |
| Total equity | | 85,656 | 168,953 |



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENTS OF THE COMPANY (CONTINUED)

| | Note | As at 31 December 2023 HK\$'000 | As at 31 December 2022 HK\$'000 |
|---|------|--|--|
| Non-current liabilities | | | |
| Lease liabilities | | 537 | 27 |
| Current liabilities | | | |
| Other payable | | 1,593 | 1,380 |
| Lease liabilities | | 776 | 431 |
| Income tax payables | | — | 12,228 |
| Amount due to immediate holding company | 29 | 10,000 | — |
| | | 12,369 | 14,039 |
| Total liabilities | | 12,906 | 14,066 |
| Total equity and liabilities | | 98,562 | 183,019 |

The statements of financial position of the Company was approved by the Board of Directors on 26 March 2024 and was signed on its behalf.

Kou Chung Yin Mariana
Executive Director, Chairperson,
Chief Executive Officer

Liu Xue Bin
Executive Director



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENTS OF THE COMPANY (CONTINUED)

| | Share premium HK\$'000 | Other reserve HK\$'000 | Accumulated losses HK\$'000 | Total HK\$'000 |
|--|---------------------------|---------------------------|--------------------------------|-------------------|
| At 1 January 2022 | 88,248 | 181,109 | (59,887) | 209,470 |
| Comprehensive loss | | | | |
| Loss for the year | — | — | (40,637) | (40,637) |
| Transfer from other reserve | | (30,000) | 30,000 | — |
| Total comprehensive expense for the year | — | (30,000) | (10,637) | (40,637) |
| Total transactions with owners in their capacity as owners: | | | | |
| At 31 December 2022 | 88,248 | 151,109 | (70,524) | 168,833 |
| Comprehensive loss | | | | |
| Loss for the year | — | — | (83,297) | (83,297) |
| Transfer from other reserve | | (73,200) | 73,200 | — |
| Total comprehensive expense for the year | — | (73,200) | (10,097) | (83,297) |
| At 31 December 2023 | 88,248 | 77,909 | (80,621) | 85,536 |

Note (i): Refer to reserve movement of the Company as above.

35 INVESTMENT IN SUBSIDIARIES

| | As at 31 December | |
|---------------------------------|-------------------|------------------|
| | 2023 HK\$'000 | 2022 HK\$'000 |
| Investment in unlisted shares | 540,000 | 540,000 |
| Less: impairment loss | (462,000) | (388,800) |
| Investment in subsidiaries, net | 78,000 | 151,200 |



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35 INVESTMENT IN SUBSIDIARIES (CONTINUED)

The directors of the Company are of the opinion that a complete list of the particulars of all subsidiaries is of excessive length and therefore the following list contains only the particulars of the subsidiaries which materially affect the financial results or position of the Group. Details of those principal subsidiaries are as follows:

| Name of company | Place of incorporation and principal place of business | Kind of legal entity | Principal activities | Particulars of issued share capital/ registered capital | Proportion of ordinary shares held | |
|--|--|---------------------------|--|---|------------------------------------|------------|
| | | | | | directly | indirectly |
| BVTEHU Inc. | Ontario, Canada | Limited liability company | Investment holding | 101 common shares | 100% | — |
| Tour East Holidays (Canada) Inc. (“ Tour East Canada ”) | Ontario, Canada | Limited liability company | Engaged in air ticket distribution, travel business process management and provision of travel products and services | 107 common shares | — | 100% |
| Tour East Holidays (New York) Inc. (“ Tour East New York ”) | New York, United States | Limited liability company | Engaged in air ticket distribution, travel business process management and provision of travel products and services | 200 common shares | — | 100% |
| 富盈卓領文化(東莞市)有限公司 (“ 富盈卓領 ”) | the PRC | Limited liability company | Engaged in provision of travel products and services | RMB500,000 | — | 100% |
| 東莞市卓愛文化有限公司 (“ 東莞卓愛 ”)* | the PRC | Limited liability company | Engaged in provision of travel products and services | RMB1,000,000 | — | 100% |
| 東莞市卓領文化有限公司 (“ 東莞卓領 ”)* | the PRC | Limited liability company | Engaged in provision of travel products and services | RMB1,000,000 | — | 100% |
| 清遠市卓領文化發展有限公司 (“ 清遠卓領 ”)* | the PRC | Limited liability company | Engaged in provision of travel products and services | RMB500,000 | — | 100% |

* These PRC subsidiaries were newly incorporated during the year ended 31 December 2023.



FINANCIAL SUMMARY

A summary of the results and of the assets, equity and liabilities of the Group for the last five years is as follows:

| RESULTS | Year ended 31 December | | | | |
|---------------------------------|------------------------|------------------|------------------|------------------|------------------|
| | 2023 HK\$'000 | 2022 HK\$'000 | 2021 HK\$'000 | 2020 HK\$'000 | 2019 HK\$'000 |
| Revenue | 103,510 | 45,777 | 55,822 | 51,605 | 112,141 |
| Cost of sales | (59,312) | (23,250) | (39,235) | (28,024) | (31,792) |
| Gross profit | 44,198 | 22,527 | 16,587 | 23,581 | 80,349 |
| Profit/(Loss) before income tax | 5,151 | (14,875) | (59,871) | (54,116) | 15,515 |
| Profit/(Loss) for the year | 2,917 | (13,802) | (75,768) | (48,061) | 10,747 |

| ASSETS AND LIABILITIES | As at 31 December | | | | |
|---|-------------------|------------------|------------------|------------------|------------------|
| | 2023 HK\$'000 | 2022 HK\$'000 | 2021 HK\$'000 | 2020 HK\$'000 | 2019 HK\$'000 |
| Current assets | 107,192 | 83,668 | 90,243 | 91,584 | 201,831 |
| Non-current assets | 34,612 | 49,282 | 65,181 | 47,876 | 50,743 |
| Total assets | 141,804 | 132,950 | 155,424 | 139,460 | 252,574 |
| Current liabilities | (87,216) | (79,500) | (83,418) | (18,930) | (79,395) |
| Non-current liabilities | (4,306) | (5,634) | (7,483) | (6,665) | (6,033) |
| Total liabilities | (91,522) | (85,134) | (90,901) | (25,595) | (85,428) |
| Equity attributable to the owners of the Company | 50,282 | 47,816 | 64,523 | 113,865 | 167,146 |