

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

Interim Report 2024



CONTENTS

Financial Highlights	2
Corporate Information	3
Management Discussion and Analysis	4
Corporate Governance and Other Information	13
Report on Review of Condensed Consolidated Interim Financial Statements	16
Condensed Consolidated Statement of Comprehensive Income	17
Condensed Consolidated Statement of Financial Position	18
Condensed Consolidated Statement of Changes in Equity	20
Condensed Consolidated Statement of Cash Flows	21
Notes to the Condensed Consolidated Interim Financial Statements	22





FINANCIAL HIGHLIGHTS

	Six months ended 30 June		
	2024 HK\$ million (Unaudited)	2023 HK\$ million (Unaudited)	Increase/ (decrease)
Revenue	50.1	37.8	32.5%
Gross profit	18.1	17.9	1.1%
Gross profit margin (%)	36.2	47.2	(23.3%)
(Loss)/profit for the period	(28.8)	0.6	(4,900.0%)
Basic and diluted (losses)/earnings per share (HK cents)	(2.4)	0.05	(4,900.0%)

Financial Position	As at	As at	Increase/ (decrease)
	30 June 2024 HK\$ million (Unaudited)	31 December 2023 HK\$ million (Audited)	
Total assets	121.3	141.8	(14.5%)
Shareholders' equity	19.1	50.3	(62.0%)
Current ratio and quick ratio (times)	0.99	1.23	(19.5)
Gearing ratio (%)	14.8	6.6	124.2%



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. Tan Wentao⁽¹⁾
Ms. Suen Yin Wah Chloe
Ms. Kwan Ka Yee
Mr. Fong Wai Bun Benny⁽²⁾

AUDIT COMMITTEE

Ms. Kwan Ka Yee *(Chairperson)*
Mr. Tan Wentao⁽¹⁾
Ms. Suen Yin Wah Chloe
Mr. Fong Wai Bun Benny⁽²⁾

REMUNERATION COMMITTEE

Mr. Tan Wentao *(Chairperson)*⁽¹⁾
Mr. Liu Xue Bin
Ms. Kwan Ka Yee
Mr. Fong Wai Bun Benny⁽²⁾

NOMINATION COMMITTEE

Ms. Suen Yin Wah Chloe *(Chairperson)*
Dr. Kou Chung Yin Mariana
Mr. Tan Wentao⁽¹⁾
Mr. Fong Wai Bun Benny⁽²⁾

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

Notes:

- (1) appointed with effect from 24 July 2024
- (2) resigned with effect from 24 July 2024

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





MANAGEMENT DISCUSSION AND ANALYSIS

The board of directors (the “**Directors**”) of Cinese International Group Holdings Limited (the “**Company**”) (the “**Board**”) hereby presents the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2024 together with the unaudited comparative figures for the six months ended 30 June 2023.

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; and (iii) 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 revenue in the first half of 2024 recorded considerable improvement as compared to the corresponding period in 2023. The Group recorded an increase in revenue for its travel products and services for the six months ended 30 June 2024, as compared to the corresponding period in 2023. The Group also leveraged its knowledge and experience from being a travel services provider to explore new business opportunities and had entered into a joint venture agreement in 2024 with a health tourism services provider based in Hainan, the PRC in relation to travel and healthcare business cooperation.

The total revenue of the Group increased by approximately HK\$12.3 million or approximately 32.5%, from approximately HK\$37.8 million for the six months ended 30 June 2023 to approximately HK\$50.1 million for the six months ended 30 June 2024. Such increase was mainly attributable to the increase in revenue generated from travel products and services segment as further discussed below. Alongside with the increase in revenue, the gross profit of the Group increased by approximately HK\$0.2 million or approximately 1.1%, from approximately HK\$17.9 million for the six months ended 30 June 2023 to approximately HK\$18.1 million for the six months ended 30 June 2024. The overall gross profit margin of the Group decreased by approximately 11.0 percentage point from approximately 47.2% for the six months ended 30 June 2023 to approximately 36.2% for the six months ended 30 June 2024.

Air ticket distribution

Segment revenue decreased by approximately 36.7% or approximately HK\$3.6 million, from approximately HK\$9.8 million for the six months ended 30 June 2023, to approximately HK\$6.2 million for the six months ended 30 June 2024. Such decrease was mainly attributable to the decrease in transaction volume of air tickets sales and gross sales proceeds generated from air tickets sales, primarily due to the stagnated recovery of air transportation volume between the PRC and North America in the six months ended 30 June 2024. 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 30 June 2024, the Group had ticketing authority for more than 150 airlines, including top airlines based in Canada, the United States and the People’s Republic of China.



MANAGEMENT DISCUSSION AND ANALYSIS

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 remained relatively stable at approximately HK\$11.2 million and HK\$10.8 million for the six months ended 30 June 2024 and 2023, respectively. The Group 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 9.1 percentage points from approximately 63.4% for the six months ended 30 June 2023 to approximately 72.5% for the six months ended 30 June 2024. 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.

Travel products and services

Travel products and services segment experienced a remarkable growth in the six months ended 30 June 2024 as compared to the corresponding period in 2023. Segment revenue substantially increased by approximately 89.0% or approximately HK\$15.4 million from approximately HK\$17.3 million for the six months ended 30 June 2023, to approximately HK\$32.7 million for the six months ended 30 June 2024. Such increase was mainly attributable to the increase in transaction volume of company-operated cultural tours in the greater bay area of the PRC ("**Greater Bay Area**") following the Group's business development in this region. The management will continue to consolidate and expand the Group's presence in the Greater Bay Area through sourcing new customers and exploring new business opportunities.

FUTURE PROSPECT

The overall demand for air travel continues to grow steadily in 2024, 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. It is expected that the air transportation volume between the PRC and North America will recover steadily going forward following the Department of Transportation of United States allowing the operation of up to 50 weekly round-trip scheduled passenger flights between the PRC and the United States in or around April 2024, as compared to 35 weekly flights allowed previously. Airlines of different countries have increased their number of destinations while passenger demand and bookings have demonstrated a continued growth. In particular, the Group continued to expand its package tour business in the first half of 2024. The Group therefore believes that the travel industries as a whole are improving, which will in turn create business opportunities for the Group.

The Group will continue to establish 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 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**").



MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

REVENUE

The following table sets forth the components of the Group's revenue by business segment for the periods indicated:

	For the six months ended 30 June			
	2024		2023	
	HK\$'000 (Unaudited)	% (Unaudited)	HK\$'000 (Unaudited)	% (Unaudited)
Air ticket distribution	6,174	12.3	9,786	25.9
Travel business process management	11,150	22.3	10,771	28.5
Travel products and services	32,729	65.4	17,285	45.6
Total	50,053	100.0	37,842	100.0

The Group's revenue increased by approximately HK\$12.3 million or approximately 32.5%, from approximately HK\$37.8 million for the six months ended 30 June 2023 to approximately HK\$50.1 million for the six months ended 30 June 2024. Such increase was mainly attributable to the increase in revenue generated from travel products and services segment.

Air ticket distribution

The revenue from air ticket distribution segment decreased by approximately HK\$3.6 million, or approximately 36.7%, from approximately HK\$9.8 million for the six months ended 30 June 2023, to approximately HK\$6.2 million for the six months ended 30 June 2024. Such decrease in revenue was mainly due to a decrease in transaction volume of air tickets sales and gross sales proceeds generated from air tickets sales, primarily due to the stagnated recovery of air transportation volume between the PRC and North America in the six months ended 30 June 2024.

Travel business process management

The revenue from travel business process management segment remained relatively stable at approximately HK\$10.8 million and HK\$11.2 million for the six months ended 30 June 2023 and 2024, respectively.

Travel products and services

The revenue from travel products and services segment increased by approximately HK\$15.4 million or approximately 89.0%, from approximately HK\$17.3 million for the six months ended 30 June 2023, to approximately HK\$32.7 million for the six months ended 30 June 2024. Such increase was mainly attributable to the increase in transaction volume of company-operated cultural tours in the Greater Bay Area following the Group's business development in this region.

MANAGEMENT DISCUSSION AND ANALYSIS

GROSS PROFIT AND GROSS PROFIT MARGIN

The following table sets forth the gross profit and gross profit margin of the Group's business segments for the periods indicated:

	For the six months ended 30 June			
	2024		2023	
	Gross profit HK\$'000 (Unaudited)	Gross profit margin % (Unaudited)	Gross profit HK\$'000 (Unaudited)	Gross profit margin % (Unaudited)
Air ticket distribution	3,726	60.3	7,736	79.1
Travel business process management	8,087	72.5	6,824	63.4
Travel products and services	6,329	19.3	3,307	19.1
Total	18,142	36.2	17,867	47.2

The gross profit of the Group increased by approximately HK\$0.2 million or approximately 1.1%, from approximately HK\$17.9 million for the six months ended 30 June 2023 to approximately HK\$18.1 million for the six months ended 30 June 2024, primarily attributable to an increase in revenue generated from the travel products and services.

The overall gross profit margin of the Group decreased by approximately 11.0 percentage points, from approximately 47.2% for the six months ended 30 June 2023 to approximately 36.2% for the six months ended 30 June 2024, 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.

Air ticket distribution

The gross profit attributable to the air ticket distribution segment decrease by approximately HK\$4.0 million or approximately 52.0%, from approximately HK\$7.7 million for the six months ended 30 June 2023 to approximately HK\$3.7 million for the six months ended 30 June 2024, which was in line with the decrease in the transaction volume of air tickets sales and the corresponding decrease in gross sales proceeds, primarily due to the stagnated recovery of air transportation volume between the PRC and North America in the six months ended 30 June 2024. The gross profit margin for the air ticket distribution segment decrease by approximately 18.8 percentage points from approximately 79.1% for the six months ended 30 June 2023 to approximately 60.3% for the six months ended 30 June 2024, which was primarily attributable to a greater proportional decrease in segment revenue than segment cost of sales.



MANAGEMENT DISCUSSION AND ANALYSIS

Travel business process management

The gross profit attributable to the travel business process management segment increased by approximately HK\$1.3 million or approximately 19.1%, from approximately HK\$6.8 million for the six months ended 30 June 2023 to approximately HK\$8.1 million for the six months ended 30 June 2024, which was primarily due to the increase in segment gross profit margin. The increase in segment gross profit margin by approximately 9.1 percentage points from approximately 63.4% for the six months ended 30 June 2023 to approximately 72.5% for the six months ended 30 June 2024 was mainly due to the Group reduced business cooperation with certain customers with lower profit margins to improve operational efficiency and profitability.

Travel products and services

The gross profit attributable to the travel products and service segment increase by approximately HK\$3.0 million or approximately 90.9%, from approximately HK\$3.3 million for the six months ended 30 June 2023 to approximately HK\$6.3 million for the six months ended 30 June 2024, which was in line with the increase in revenue of the travel products and service segment. The gross profit margin for the travel business process management segment remained relatively stable at approximately 19.1% and 19.3% for the six months ended 30 June 2023 and 2024, respectively.

Other income

Other income for the six months ended 30 June 2024 was approximately HK\$7,000 and there was no other income recorded for the six months ended 30 June 2023.

Selling expenses

The selling expenses maintained relatively stable at approximately HK\$1.4 million for the six months ended 30 June 2024 and 2023.

Administrative expenses

The administrative expenses remained relatively stable at approximately HK\$18.9 million and HK\$18.2 million for the six months ended 30 June 2023 and 2024, respectively.



MANAGEMENT DISCUSSION AND ANALYSIS

Expected credit losses (“ECLs”) allowance on financial assets

The ECLs allowance on financial assets changed from reversal of ECLs allowance of approximately HK\$4.2 million for the six months ended 30 June 2023 to provision of ECLs allowance of approximately HK\$20.2 million for the six months ended 30 June 2024. Such turnaround was mainly attributable to an increase in longer aged balances from certain debtors as at 30 June 2024, as compared to that as at 30 June 2023.

(Loss)/profit for the period

The Group recognised a loss before income tax of approximately HK\$19.8 million for the six months ended 30 June 2024, as compared to the profit before income tax of approximately HK\$1.8 million for the six months ended 30 June 2023. Such turnaround was mainly attributable a turnaround in ECLs allowance on financial assets from reversal of ECLs allowance of approximately HK\$4.2 million for the six months ended 30 June 2023 to provision of ECLs allowance of approximately HK\$20.2 million for the six months ended 30 June 2024 as discussed in the sub-section headed “ECLs allowance on financial assets” above.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

During the six months ended 30 June 2024, the Group’s primary source of funding included, among others, 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 generated from operating activities was approximately HK\$5.5 million for the six months ended 30 June 2024, as compared to the net cash generated from operating activities of approximately HK\$5.7 million for the six months ended 30 June 2023. Net cash used in investing activities was approximately HK\$17,000 for the six months ended 30 June 2024, as compared to the net cash generated from investing activities of approximately HK\$96,000 for the six months ended 30 June 2023. Net cash generated from financing activities was approximately HK\$3.6 million for the six months ended 30 June 2024, as compared to the net cash generated from financing activities of approximately HK\$4.1 million for the six months ended 30 June 2023.

As at 30 June 2024, the Group’s cash and cash equivalents amounted to approximately HK\$34.7 million, representing an increase of approximately 31.4% from approximately HK\$26.4 million as at 31 December 2023.

The Group’s gearing ratio is calculated based on total loans divided by the shareholders’ equity at the end of the financial year/period and multiplied by 100%. The Group’s gearing ratio increase by approximately 8.2 percentage points from approximately 6.6% as at 31 December 2023 to approximately 14.8% as at 30 June 2024. Taking into consideration the Group’s current cash and bank balances, together with the credit facilities available and the expected cash flow from operations, it is anticipated that the Group should have adequate financial resources to meet its ongoing operating and development requirements.

Net current (liabilities)/assets

As at 30 June 2024, the Group had net current liabilities of approximately HK\$1.5 million as compared to the net current assets of approximately HK\$20.0 million as at 31 December 2023.



MANAGEMENT DISCUSSION AND ANALYSIS

Borrowings

As at 30 June 2024, the Group had interest-free borrowings from the Government of Canada under the Regional Economic Growth Through Innovation program of approximately HK\$2.8 million (31 December 2023: HK\$3.3 million), which were denominated in Canadian dollars. The Directors expect that such borrowings will either be repaid by internally generated funds or continue to provide funding for the Group's operations.

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 30 June 2024 and 31 December 2023 represented a government bond issued by the Canadian government with an interest rate of approximately 3.6% per annum and maturity date of 15 February 2025. Accordingly, the Group recorded non-current financial asset at FVTPL of approximately HK\$1.5 million as at 31 December 2023, and current financial asset at FVTPL of approximately HK\$1.5 million as at 30 June 2024. 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 30 June 2024, the Group had amount due to immediate holding company of HK\$15.0 million, as compared to HK\$10.0 million as at 31 December 2023. 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.

EVENTS AFTER THE REPORTING PERIOD

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.



MANAGEMENT DISCUSSION AND ANALYSIS

FOREIGN EXCHANGE RISKS

The Group has foreign currency exposures that mainly arise from the balance of assets and liabilities in currencies other than in the respective group companies' functional currencies. 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 United States dollar, Canadian dollar and Renminbi at acceptable exchange rate for meeting the payment obligations arising from business operations. A net foreign exchange gain of approximately HK\$1.8 million was recorded for the six months ended 30 June 2024 and a net foreign exchange gain of approximately HK\$12,000 was recorded for the six months ended 30 June 2023.

During the six months ended 30 June 2024, 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.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2024, the Group had a total of 73 employees as compared to 71 employees as at 31 December 2023. The total staff costs incurred by the Group for the six months ended 30 June 2024 were approximately HK\$15.3 million as compared to approximately HK\$16.5 million for the six months ended 30 June 2023. 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 paragraph headed "Share option scheme" below.

MATERIAL ACQUISITIONS AND DISPOSALS AND SIGNIFICANT INVESTMENTS

During the six months ended 30 June 2024, no material acquisition and disposal of subsidiaries, associates or joint ventures, or significant investments were conducted by the Group. The Group had no significant investments as at 30 June 2024.

PLEDGE OF ASSETS

As at 30 June 2024 and 31 December 2023, the Group had government bond issued by the Canadian government of approximately HK\$1.5 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 approximately 3.6% with a maturity date of 15 February 2025.

CONTINGENT LIABILITIES

As at 30 June 2024, the Group did not have any material contingent liabilities or guarantees.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Group did not have plans for material investments and capital assets as at 30 June 2024.



MANAGEMENT DISCUSSION AND ANALYSIS

USE OF PROCEEDS FROM THE LISTING

The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 28 June 2018, with net proceeds received by the Company from the share offer in the amount of approximately HK\$49.7 million after deducting underwriting commission and all related listing expenses. The net proceeds received from the share offer have been and will be used in the manner consistent with that set out in the section headed “Future plans and use of proceeds” of the prospectus of the Company dated 15 June 2018.

An analysis of the utilisation of the net proceeds received from the share offer from the listing date up to 30 June 2024 is set out below:

Use of net proceeds	Net proceeds from the share offer HK\$ million	Actual utilisation up to 30 June 2024 HK\$ million	Unutilised amounts as at 30 June 2024 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	2025
Upgrade the information technology infrastructure	6.7	4.8	1.9	2025
Expansion of the travel business process management business	6.9	6.9	—	—
Advertising and promotion	1.2	1.2	—	—
	49.7	35.4	14.3	

SHARE OPTION SCHEME

The Company has adopted a share option scheme on 7 May 2018 (the “**Share Option Scheme**”). Other than the Share Option Scheme, the Group has no share schemes under Chapter 17 of the Listing Rules. 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. Since the adoption of the Share Option Scheme and up to the date of this report, no share options had 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 2024 and 30 June 2024, as no share options had been granted during the six months ended 30 June 2024.

INTERIM DIVIDENDS

The Board resolved not to declare any payment of interim dividend for the six months ended 30 June 2024 (for the six months ended 30 June 2023: nil).



CORPORATE GOVERNANCE AND OTHER INFORMATION

CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix 14 to the Listing Rules during the six months ended 30 June 2024 except the following deviation:

Code Provision C.2.1

CG Code provision C.2.1 stipulates that the roles of chairman and chief executive should be separate 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.

In addition, under the supervision of the Board which is now comprised of two executive Directors, one non-executive Director and three independent non-executive Directors, the Board is appropriately structured with balance of power to provide sufficient checks to protect the interests of the Company and the Shareholders as a whole.

The Board will continue to review and monitor the corporate governance status of the Company for the purpose of complying with the CG Code and maintaining a high standard of corporate governance of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules (the “**Model Code**”). The Company has made specific enquiries to all Directors, and all Directors have confirmed that they have complied with the Model Code and its code of conduct during the six months ended 30 June 2024 and up to the date of this report.

The Board has also adopted the Model Code as the guidelines for its relevant employees who are likely to be in possession of unpublished inside information of the Company in respect of their dealings in the securities of the Company. No incident of non-compliance of the Model Code by the relevant employees was noted by the Company.

AUDIT COMMITTEE

The Company has established an audit committee on 7 May 2018 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and CG Code provision C.3 as set out in Appendix 14 to the Listing Rules. The primary duties of the audit committee are to assist the Board by providing an independent view of the effectiveness of the financial reporting process, internal control and risk management system of the Group, to oversee the audit process, to develop and review the policies and to perform other duties and responsibilities as assigned by the Board. It also acts as an important link between the Board and the Company’s auditor in matters within the scope of the group audit. Meetings of the audit committee shall be held at least twice a year. The audit committee currently consists of three independent non-executive Directors, namely Ms. Kwan Ka Yee, Mr. Tan Wentao and Ms. Suen Yin Wah Chloe, with Ms. Kwan Ka Yee serving as the chairperson.

REVIEW OF ACCOUNTS

The unaudited interim results and financial report of the Group for the six months ended 30 June 2024 have been reviewed by the audit committee and the audit committee is of the view that the interim results and financial report for the six months ended 30 June 2024 are prepared in accordance with applicable accounting standards, rules and regulations and appropriate disclosures have been duly made. The external auditor has also reviewed the interim financial information of the Group for the six months ended 30 June 2024 in accordance with International Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by Independent Auditor of the Entity” issued by the International Auditing and Assurance Standard Board.



CORPORATE GOVERNANCE AND OTHER INFORMATION

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 30 June 2024, 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 the Model Code, 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 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 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.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Save as disclosed above, as at 30 June 2024, 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 the Model Code.

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

As at 30 June 2024, 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 30 June 2024, 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.

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

During the six months ended 30 June 2024 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.

COMPETING BUSINESS

During the six months ended 30 June 2024 and up to the date of this report, none of the Directors and their respective associates has 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.



REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS



Tel : +852 2218 8288
Fax: +852 2815 2239
www.bdo.com.hk

25th Floor Wing On Centre
111 Connaught Road Central
Hong Kong

電話 : +852 2218 8288
傳真 : +852 2815 2239
www.bdo.com.hk

香港干諾道中111號
永安中心25樓

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

INTRODUCTION

We have reviewed the condensed consolidated interim financial statements set out on pages 17 to 38, which comprise the condensed consolidated statement of financial position of Cinese International Group Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) as of 30 June 2024 and the related condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial statements to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”) issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of the condensed consolidated interim financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on the condensed consolidated interim financial statements based on our review. This report is made solely to you, as a body, in accordance with our agreed terms of 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.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410 (“ISRE 2410”) “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by International Audit and Assurance Standards Board. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with IAS 34.

BDO Limited

Certified Public Accountants

Ng Wai Man

Practising Certificate No. P05309

Hong Kong, 30 August 2024

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.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	Notes	Six months ended 30 June	
		2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Revenue	4	50,053	37,842
Cost of sales	6	(31,911)	(19,975)
Gross profit		18,142	17,867
Other income	5	7	—
Other gains, net	5	1,846	12
(Provision)/reversal of expected credit losses (“ECLs”) allowance on financial assets	23	(20,167)	4,204
Selling expenses	6	(1,355)	(1,358)
Administrative expenses	6	(18,154)	(18,935)
Operating (loss)/profit		(19,681)	1,790
Finance income		3	101
Finance costs		(110)	(127)
Finance costs, net	7	(107)	(26)
(Loss)/profit before income tax		(19,788)	1,764
Income tax expense	8	(9,038)	(1,174)
(Loss)/profit for the period attributable to owners of the Company		(28,826)	590
Other comprehensive loss			
<i>Item that may be subsequently reclassified to profit or loss:</i>			
– Currency translation differences		(2,311)	271
<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		—	(1,970)
Other comprehensive loss for the period		(2,311)	(1,699)
Total comprehensive loss for the period attributable to owners of the Company		(31,137)	(1,109)
Basic and diluted (losses)/earnings per share (HK cents)	10	(2.40)	0.05

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	Notes	As at 30 June 2024 HK\$'000 (Unaudited)	As at 31 December 2023 HK\$'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	11	442	602
Intangible assets	11	—	—
Right-of-use assets	21	1,661	2,664
Financial asset at fair value through profit or loss ("FVTPL")	14	—	1,498
Financial asset at fair value through other comprehensive income ("FVTOCI")	14	1,630	1,687
Deferred income tax assets		19,109	28,161
		22,842	34,612
Current assets			
Trade receivables	12	34,552	32,706
Prepayments, deposits and other receivables	13	27,526	47,757
Financial asset at FVTPL	14	1,480	—
Income tax recoverable		295	296
Cash and cash equivalents		34,650	26,433
		98,503	107,192
Total assets		121,345	141,804
EQUITY			
Equity attributable to the owners of the Company			
Share capital	15	120	120
Share premium		88,248	88,248
Other reserve		(41,256)	(41,256)
Financial asset at FVTOCI reserve		(1,500)	(1,500)
Exchange reserve		4,387	6,698
Statutory reserve		1,276	1,077
Accumulated losses		(32,130)	(3,105)
Total equity		19,145	50,282

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	Notes	As at 30 June 2024 HK\$'000 (Unaudited)	As at 31 December 2023 HK\$'000 (Audited)
LIABILITIES			
Non-current liabilities			
Lease liabilities		142	1,765
Loan from government		2,060	2,541
		2,202	4,306
Current liabilities			
Trade payables	16	19,691	15,273
Accruals and other payables	17	61,336	58,573
Contract liabilities		85	87
Lease liabilities		2,618	2,058
Loan from government		782	798
Income taxes payable		486	427
Amount due to immediate holding company	18	15,000	10,000
		99,998	87,216
Total liabilities		102,200	91,522
Total equity and liabilities		121,345	141,804

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	Attributable to owners of the Company							
	Share capital HK\$'000 (Note 15)	Share premium HK\$'000	Other reserve HK\$'000	Financial asset at FVTOCI reserve HK\$'000	Exchange reserve HK\$'000	Statutory reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
Balance at 1 January 2024	120	88,248	(41,256)	(1,500)	6,698	1,077	(3,105)	50,282
Comprehensive income								
Loss for the period	—	—	—	—	—	—	(28,826)	(28,826)
Other comprehensive Income								
Currency translation differences	—	—	—	—	(2,311)	—	—	(2,311)
Change in fair value of equity instrument at FVTOCI	—	—	—	—	—	—	—	—
Total comprehensive loss for the period	—	—	—	—	(2,311)	—	(28,826)	(31,137)
Appropriations to statutory reserve	—	—	—	—	—	199	(199)	—
Balance at 30 June 2024 (unaudited)	120	88,248	(41,256)	(1,500)	4,387	1,276	(32,130)	19,145
Balance at 1 January 2023	120	88,248	(41,256)	257	5,392	—	(4,945)	47,816
Comprehensive income								
Profit for the period	—	—	—	—	—	—	590	590
Other comprehensive Income								
Currency translation differences	—	—	—	—	271	—	—	271
Change in fair value of equity instrument at FVTOCI	—	—	—	(1,970)	—	—	—	(1,970)
Total comprehensive loss for the period	—	—	—	(1,970)	271	—	590	(1,109)
Appropriations to statutory reserve	—	—	—	—	—	242	(242)	—
Balance at 30 June 2023 (unaudited)	120	88,248	(41,256)	(1,713)	5,663	242	(4,597)	46,707

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Cash flows from operating activities		
Cash generated from operations	5,742	5,747
Interest paid on lease liabilities	(64)	(70)
Income tax paid	(213)	(5)
Net cash generated from operating activities	5,465	5,672
Cash flows from investing activities		
Purchase of property, plant and equipment	(20)	(5)
Purchase of financial asset at FVTPL	—	(1,454)
Proceed of redemption of financial asset at FVTPL	—	1,454
Interest received	3	101
Net cash (used in)/generated from investing activities	(17)	96
Cash flows from financing activities		
Repayment of borrowing	(432)	—
Repayment of principal portion of lease liabilities	(983)	(914)
Advances from immediate holding company	5,000	5,000
Net cash generated from financing activities	3,585	4,086
Net increase in cash and cash equivalents	9,033	9,854
Cash and cash equivalents at beginning of the period	26,433	43,780
Effect of currency translation differences	(816)	740
Cash and cash equivalents at end of the period	34,650	54,374



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Chinese International Group Holdings Limited (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 comprising the Group (together, the “**Group**”) are engaged in air ticket distribution, travel business process management and travel products and services (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.

2 BASIS OF PREPARATION AND GOING CONCERN ASSUMPTION

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2024 (the “**Interim Financial Statements**”) have been prepared in accordance with the International Accounting Standard (“**IAS**”) 34, “Interim financial reporting” issued by International Accounting Standards Board (the “**IASB**”) and the applicable disclosure required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

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

The Interim Financial Statements does not include all the notes of the type normally included in an annual financial statement. Accordingly, this report should be read in conjunction with the annual financial statements for the year ended 31 December 2023 (“**2023 annual report**”) which have been prepared in accordance with International Financial Reporting Standards (“**IFRSs**”) and any public announcements made by the Group during the interim reporting period.

For the six months ended 30 June 2024, the Group incurred a loss of approximately HK\$28,826,000 and, at the end of reporting period, the Group had net current liabilities of approximately HK\$1,495,000. These conditions may cast significant doubt on the Group’s ability to continue as a going concern.

In view of these circumstances, the directors have given careful consideration to the future liquidity and performance of the Group and its available sources of finance in the preparation of a cash flow forecast covering a 18-month period from the end of the reporting period for assessing whether the Group will have sufficient financial resources to continue as a going concern. In particular, the directors have considered the following:

- (a) The expected continuous growth in revenue generated from its travel products and services segment for provision of company-operated tours in the Greater Bay Area of Mainland China; and
- (b) The unutilised banking facilities totaling HK\$9,273,000, which are available for the Group to finance its future operations and financial obligations.

Based on the cash flow forecast, the directors are of the opinion that the Group would have sufficient liquidity to finance its operations and meet its financial obligations as and when they fall due for the at least twelve months subsequent to end of reporting period. Accordingly, the directors consider that it is appropriate to continue to prepare the Interim Financial Statements on a going concern basis.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted are consistent with those of the 2023 annual report, except for the application of certain accounting policies which became relevant to the Group and the adoption of new or revised standards as set out below.

3.1 Adoption of new or revised IFRSs

In the current interim period, the Group has applied, for the first time, the following amended IFRSs issued by the IASB that are potentially relevant to and effective for the annual period beginning on or after 1 January 2024 for the preparation of the Interim Financial Statements.

Amendments to IAS 1	Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback

The adoption of the above amended IFRSs has no material impact on the Group's result and financial position for the current or prior periods.

The Group has not early applied any new standards or interpretation that is not yet effective for the current accounting period.

3.2 Use of judgements and estimates

In preparing the Interim Financial Statements, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the 2023 annual report.

4 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 three lines of business the Group operates during the six months ended 30 June 2024. In this regard, management has identified three reportable operating segments, namely (1) Air ticket distribution, (2) Travel business process management and (3) Travel products and services.

The major business activities for the three 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 travelers are responsible for their trips using travel services sourced by the Group.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

4 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, unallocated other income, other gains, net, (provision)/reversal of ECLs allowance on financial assets, finance costs, net and income tax expense 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.

	Six months ended 30 June 2024 (Unaudited)			
	Air ticket distribution HK\$'000	Travel business process management HK\$'000	Travel products and services HK\$'000	Total HK\$'000
Revenue from external customers	6,174	11,150	32,729	50,053
Timing of revenue recognition				
At a point in time	6,174	11,150	77	17,401
Over time	—	—	32,652	32,652
Segment results	982	4,833	4,950	10,765
Other income				7
Other gains, net				1,846
Provision of ECLs allowance on financial assets				(20,167)
Employee benefit expenses (including directors' emoluments)				(9,750)
Depreciation and amortisation				(122)
Depreciation of right-of-use assets				(491)
Legal and professional fees				(963)
Other administrative expenses				(806)
Finance costs, net				(107)
Loss before income tax				(19,788)
Income tax expense				(9,038)
Loss for the period				(28,826)
Other segment items:				
Depreciation and amortisation	19	33	—	52
Capital expenditure	4	7	—	11
Depreciation of right-of-use assets	116	355	—	471

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

4 REVENUE AND SEGMENT INFORMATION (CONTINUED)

	Six months ended 30 June 2023 (Unaudited)			
	Air ticket distribution HK\$'000	Travel business process management HK\$'000	Travel products and services HK\$'000	Total HK\$'000
Revenue from external customers	9,786	10,771	17,285	37,842
Timing of revenue recognition				
At a point in time	9,786	10,771	97	20,654
Over time	—	—	17,188	17,188
Segment results	4,753	4,156	3,062	11,971
Other gains, net				12
Reversal of ECLs allowance on financial assets				4,204
Employee benefit expenses (including directors' emoluments)				(9,470)
Depreciation and amortisation				(463)
Depreciation of right-of-use assets				(413)
Legal and professional fees				(1,679)
Other administrative expenses				(2,372)
Finance costs, net				(26)
Profit before income tax				1,764
Income tax expense				(1,174)
Profit for the period				590
Other segment items:				
Depreciation and amortisation	19	16	35	70
Capital expenditure	1	2	—	3
Depreciation of right-of-use assets	117	379	—	496

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

4 REVENUE AND SEGMENT INFORMATION (CONTINUED)

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

	Six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Company A - travel business process management segment	11,150	10,725
Company B - travel products and services	8,696	N/A
Company C - travel products and services	6,684	N/A
Company D - travel products and services (Note)	N/A	7,016
Company E - travel products and services (Note)	N/A	4,061

Note: The customer did not contribute 10% or more of the total revenue of the Group in respective period.

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:

	Six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Canada	17,240	19,396
United States	161	1,258
Mainland China	32,652	17,188
	50,053	37,842

5 OTHER INCOME AND OTHER GAINS, NET

	Six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Other income		
Sundry income	7	—
	7	—
Other gains, net		
Foreign exchange gains	1,813	12
Fair value change in financial asset at FVTPL	33	—
	1,846	12

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS



6 EXPENSES BY NATURE

	Six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Cost of package tours and tickets	26,400	13,978
Employee benefit expenses (including directors' emoluments)	15,328	16,538
Office, telecommunication and utility expenses	1,342	1,275
Depreciation of right-of-use assets (Note 21)	962	909
Short-term leases expenses	193	884
Credit card fees	9	12
Auditor's remuneration		
– Audit service	788	750
– Non-audit service	483	450
Depreciation of property, plant and equipment (Note 11)	174	532
Amortisation of intangible assets (Note 11)	—	1
Legal and professional fees	963	1,679
Service fees	3,258	2,300
Others	1,520	960
Total cost of sales, selling and administrative expenses	51,420	40,268

7 FINANCE COSTS, NET

	Six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Finance income		
– Bank interest income	3	101
Finance costs		
– Interest expense on lease liabilities	(64)	(70)
– Imputed interest expense on loan from government	(46)	(57)
	(110)	(127)
Finance costs, net	(107)	(26)



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

8 INCOME TAX EXPENSE

Canadian corporate income tax has been provided at the rate of approximately 26.5% for the six months ended 30 June 2024 (2023: approximately 26.5%) on the Group's respective taxable income. There is no assessable profit for Canadian corporate income tax for the six months ended 30 June 2024 (2023: Nil). United States federal income tax has been provided at the rate of 21% for the six months ended 30 June 2024 (2023: 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 six months ended 30 June 2024 (2023: 14.95%). PRC enterprise income tax has been provided at the rate of 25% for the six months ended 30 June 2024 (2023: 25%) on the Group's respective taxable income.

	Six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Current income tax		
– US state income tax	(1)	—
– PRC enterprise income tax	(282)	(335)
– Over provision in prior years	—	13,293
Deferred income tax (Note)	(8,755)	(14,132)
Income tax expense	(9,038)	(1,174)

Note: For the six months ended 30 June 2024, the deferred income tax mainly represented a reduction of deferred income tax assets due to a reassessment of impact by a stagnated recovery in market demand of air tickets distribution services for flights between North America and Mainland China (2023: the deferred income tax mainly represented an utilisation for settlement of a Canadian departure tax liability).

9 DIVIDENDS

The Board does not recommend the payment of any dividend for the six months ended 30 June 2024 (2023: Nil).

10 (LOSSES)/EARNINGS PER SHARE

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

	Six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
(Loss)/Profit attributable to owners of the Company (HK\$'000)	(28,826)	590
Weighted average number of ordinary shares in issue (Number of shares in thousand)	1,200,000	1,200,000
Basic and diluted (losses)/earnings per share (HK cents)	(2.40)	0.05

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

10 (LOSSES)/EARNINGS PER SHARE (CONTINUED)

Diluted (losses)/earnings 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 losses per share. During the six months ended 30 June 2024 and 2023, the Group has no dilutive potential ordinary shares.

11 CAPITAL EXPENDITURE

	Property, plant and equipment HK\$000	Intangible assets HK\$000
Six months ended 30 June 2024 (Unaudited)		
Opening net book amounts as at 1 January 2024	602	—
Additions	20	—
Depreciation/amortisation (Note 6)	(174)	—
Exchange differences	(6)	—
Closing net carrying amounts as at 30 June 2024	442	—
Six months ended 30 June 2023 (Unaudited)		
Opening net book amounts as at 1 January 2023	1,380	1
Additions	5	—
Depreciation/amortisation (Note 6)	(532)	(1)
Exchange differences	8	—
Closing net carrying amounts as at 30 June 2023	861	—

12 TRADE RECEIVABLES

	As at 30 June 2024 HK\$'000 (Unaudited)	As at 31 December 2023 HK\$'000 (Audited)
Incentive commission receivables	2,813	4,981
Less: ECLs allowance	(51)	(50)
	2,762	4,931
Other trade receivables	32,281	28,227
Less: ECLs allowance	(491)	(452)
	31,790	27,775
	34,552	32,706

The payment period from customers is generally 90 days.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

12 TRADE RECEIVABLES (CONTINUED)

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

	As at 30 June 2024 HK\$'000 (Unaudited)	As at 31 December 2023 HK\$'000 (Audited)
0 to 60 days	20,106	16,079
Over 60 days	14,446	16,627
	34,552	32,706

13 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 30 June 2024 HK\$'000 (Unaudited)	As at 31 December 2023 HK\$'000 (Audited)
Rental and other deposits	476	422
Prepaid expenses	2,000	1,389
Prepaid tour and air ticket costs	1,390	1,439
Receivables from travel companies for ticket costs	125,833	127,710
Other receivables	342	189
	130,041	131,149
Less: ECLs allowance	(102,515)	(83,392)
	27,526	47,757

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS



14 FINANCIAL ASSET AT FVTPL/FVTOCI

		As at 30 June 2024 HK\$'000 (Unaudited)	As at 31 December 2023 HK\$'000 (Audited)
Non-current assets			
<i>Financial asset at FVTPL</i>			
<i>Government Bond</i>	(i)	—	1,498
<i>Financial asset at FVTOCI</i>			
<i>Unlisted equity investments</i>	(ii)	1,630	1,687
Current assets			
<i>Financial asset at FVTPL</i>			
<i>Government Bond</i>	(i)	1,480	—

Notes

(i) It represents a government bond issued by the Canadian government. The carrying value of the government bond issued by the Canadian government was CAD254,000 as at 30 June 2024 and 31 December 2023 (equivalent to approximately HK\$1,480,000 as at 30 June 2024 and approximately HK\$1,498,000 as at 31 December 2023). The interest rate for the bond is approximately 3.6% with a maturity date of 15 February 2025.

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 instrument measured at FVTOCI was acquired in June 2019. The directors of the Company classified the investment as financial asset as FVTOCI as the investment represented approximately 1.4% (2023: approximately 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 instrument is a level 3 recurring fair value measurement. The fair value is measured with market approach. No fair value change on the unlisted equity instrument (2023: approximately HK\$1,757,000 of fair value loss) was recognised in other comprehensive income for the six months ended 30 June 2024.

15 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 2023, 31 December 2023 (audited) and 30 June 2024 (unaudited)	90,000,000	9,000
Issued and fully paid:		
As at 1 January 2023, 31 December 2023 (audited) and 30 June 2024 (unaudited)	1,200,000	120



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

16 TRADE PAYABLES

As at 30 June 2024 and 31 December 2023, the aging analysis of trade payables based on invoice date are as follows:

	As at 30 June 2024 HK\$'000 (Unaudited)	As at 31 December 2023 HK\$'000 (Audited)
0 to 30 days	12,143	8,719
31 to 60 days	—	6,554
Over 60 days	7,548	—
	19,691	15,273

17 ACCRUALS AND OTHER PAYABLES

	As at 30 June 2024 HK\$'000 (Unaudited)	As at 31 December 2023 HK\$'000 (Audited)
Accrued staff costs and management fees	879	875
Accrued expenses	5,529	6,447
Payables to airlines	15,072	10,861
Receipt in advance from a customer in relation to travel business process management	30,155	30,728
Sales tax payable	364	546
Payables to travel companies	996	851
Other payables	8,341	8,265
	61,336	58,573

18 AMOUNT DUE TO IMMEDIATE HOLDING COMPANY

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

19 BANKING FACILITIES

As at 30 June 2024, the Group has banking facilities available in the form of letters of guarantee of approximately HK\$14,263,000 (2023: approximately HK\$14,766,000) in which approximately HK\$4,990,000 (2023: approximately HK\$5,092,000) was utilised by the Group 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 30 June 2024 and 31 December 2023.

20 CONTINGENT LIABILITIES

From time to time, the Group may be subject 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.

21 RIGHT-OF-USE ASSETS

There was no addition on right-of-use assets for the six months ended 30 June 2024 (31 December 2023: addition of approximately HK\$1,525,000).

The depreciation on right-of-use assets for the six months ended 30 June 2024 was approximately HK\$962,000 (31 December 2023: approximately HK\$1,839,000).

22 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.

Management is of the view that the following were related parties that had transactions with the Group during each of the six months ended 30 June 2024 and 30 June 2023.

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



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

22 RELATED PARTY TRANSACTIONS (CONTINUED)

Except for key management compensation, the Group has no related party transactions for the six months ended 30 June 2024 and 2023.

Key management compensation, including fees, salaries, allowances and benefits, amounted to approximately HK\$4,549,000 for the six months ended 30 June 2024 (30 June 2023: approximately HK\$4,503,000).

23 CREDIT RISK MANAGEMENT

The credit risk of the Group mainly arises from trade and other receivables and receivables from travel companies for ticket costs, financial asset 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 income earned from travel companies and revenue earned from sales of travel products and services.

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 30 June 2024 and 31 December 2023, 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 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 in which 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 CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

23 CREDIT RISK MANAGEMENT (CONTINUED)

The following tables provide 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 30 June 2024 and 31 December 2023:

30 June 2024 (Unaudited)	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 (%)	6.5%	11.7%	23.9%	57.4%	100%	64.0%
Gross carrying amount (HK\$'000)	37,680	9,949	5,123	23,357	84,818	160,927
ECLs allowance (HK\$'000)	2,443	1,165	1,223	13,401	84,818	103,050

31 December 2023 (Audited)	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

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 period was therefore limited to 12 months ECLs. The allowance under ECLs was determined for other receivables (excluding receivables from travel companies for ticket costs), as at 30 June 2024 and 31 December 2023 as follows:

	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Expected loss rate (%)	0.9%	0.7%
Gross carrying amount (HK\$'000)	818	611
ECLs allowance (HK\$'000)	7	4

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

23 CREDIT RISK MANAGEMENT (CONTINUED)

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

	Lifetime ECLs		12-month ECLs		Total HK\$'000
	Trade receivables HK\$'000	Receivables from travel companies for ticket costs HK\$'000	Other receivables HK\$'000		
Balance at 1 January 2023	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 (Audited)	502	83,388	4		83,894
ECLs allowance recognised during the period	52	20,112	3		20,167
Exchange differences	(12)	(992)	—		(1,004)
Balance at 30 June 2024 (Unaudited)	542	102,508	7		103,057

For financial asset measured at FVTPL and financial asset measured at FVTOCI, management is of the opinion that the credit risk is low due to the management closely monitors 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 60% and 51% of the Group's trade receivables was due from the Group's three largest customers as at 30 June 2024 and 31 December 2023 respectively while 75% and 78% of the Group's receivables from travel companies for ticket costs was due from the Group's five largest travel companies as at 30 June 2024 and 31 December 2023 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 CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

24 FAIR VALUE MEASUREMENTS

The table below analyses the Group's financial instruments carried at fair value as at 30 June 2024 and 31 December 2023, 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 30 June 2024 and 31 December 2023.

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
As at 30 June 2024 (Unaudited)				
Assets				
Financial assets at FVTPL (note (a))	1,480	—	—	1,480
Financial asset at FVOCI (note (b))	—	—	1,630	1,630
	1,480	—	1,630	3,110
As at 31 December 2023 (Audited)				
Assets				
Financial assets at FVTPL (note (a))	1,498	—	—	1,498
Financial asset at FVOCI (note (b))	—	—	1,687	1,687
	1,498	—	1,687	3,185

Notes:

- (a) As at 30 June 2024 and 31 December 2023, the financial asset at FVTPL represents a government bond issued by the Canadian government, with a maturity date of 15 February 2025 (Note 14). 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 represents an unlisted equity securities investment (Note 14). The methods and valuation techniques used for the purpose of measuring fair value are market approach. The fair value is determined with reference to 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\$163,000 (2023: approximately HK\$169,000) whilst decreased transaction prices by 10% would decrease the fair value of the financial asset at FVTOCI by approximately HK\$163,000 (2023: approximately HK\$169,000).

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



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

24 FAIR VALUE MEASUREMENTS (CONTINUED)

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

	As at 30 June 2024 HK\$'000 (Unaudited)	As at 31 December 2023 HK\$'000 (Audited)
At the beginning of period/year	1,687	3,187
Fair value change recognised in other comprehensive income	—	(1,757)
Exchange difference	(57)	257
At the end of period/year	1,630	1,687

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