



**YING HAI GROUP HOLDINGS
COMPANY LIMITED**

瀛海集團控股有限公司

(incorporated in the Cayman Islands with limited liability)

Stock Code: 8668

ANNUAL REPORT

2019

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

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Choi Wai Chan (*Chairman and chief executive officer*)

Mr. Leong Tat Meng

Independent non-executive Directors

Mr. Sou Sio Kei

Mr. Rodrigues Cesar Ernesto

Mr. Hu Chung Ming

COMPLIANCE OFFICER

Mr. Choi Wai Chan

AUTHORISED REPRESENTATIVES

Mr. Choi Wai Chan

Mr. Ng Shing Kin

COMPANY SECRETARY

Mr. Ng Shing Kin (*HKICPA*)

AUDIT COMMITTEE MEMBERS

Mr. Hu Chung Ming (*Chairman*)

Mr. Sou Sio Kei

Mr. Rodrigues Cesar Ernesto

REMUNERATION COMMITTEE MEMBERS

Mr. Sou Sio Kei (*Chairman*)

Mr. Rodrigues Cesar Ernesto

Mr. Hu Chung Ming

NOMINATION COMMITTEE MEMBERS

Mr. Rodrigues Cesar Ernesto (*Chairman*)

Mr. Sou Sio Kei

Mr. Hu Chung Ming

LEGAL ADVISER TO THE COMPANY

As to Hong Kong law

ONC Lawyers

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8 Connaught Place

Central, Hong Kong

COMPLIANCE ADVISER

Lego Corporate Finance Limited

Room 1601, 16/F, China Building

29 Queen's Road Central, Hong Kong

AUDITORS

HLB Hodgson Impey Cheng Limited

Certified Public Accountants

31/F, Gloucester Tower, The Landmark,

11 Pedder Street, Central, Hong Kong

PRINCIPAL BANKERS

Bank of China Macau Branch

Avenida Doutor Mario Soares

Bank of China Building, Macau

Industrial and Commercial Bank of China (Macau) Limited

Shop 002, 006, 007, 008, 009

Macau Landmark

555 Avenida da Amizade, Macau

HEADQUARTERS

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PRINCIPAL SHARE REGISTRAR

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Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR

Tricor Investor Services Limited

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COMPANY WEBSITE

www.yinghaiholding.com

STOCK CODE

8668

Chairman's Statement

Dear Shareholders,

On behalf of the board of Directors (the "**Board**") of the Company, I am pleased to announce the Group's annual results for the year ended 31 December 2019 following the Company's successful listing on GEM of the Stock Exchange (the "**Listing**") on 26 September 2019 (the "**Listing Date**").

We are primarily a wholesale licensed travel agent that focuses on the provision of business-to-business domestic travel services and a car rental services provider based in Macau, and we provide a variety of travel products and services to our customers. During the year ended 31 December 2019, we derived our revenue from the following operating segments: (i) sales and distribution of hotel rooms; (ii) provision of car rental services and (iii) sales and provision of air tickets and other ancillary travel-related products and services, such as entertainment tickets, buffet tickets, transportation tickets, travel insurance and visa applications.

Looking forward, we will endeavor to strengthen the development of our existing businesses and to provide steady return as well as growth prospects for the Company's shareholders.

APPRECIATION

On behalf of the Board, I would like to express my sincere gratitude to our valued customers, business partners and shareholders for their persistent support, and express my appreciation to the management team and employees for their valuable contribution to the development of the Group. Finally, I would like to express my sincere appreciation to the officers of the Stock Exchange for their guidance.

Choi Wai Chan

Chairman

Hong Kong, 16 March 2020

Financial Highlights

CONSOLIDATED FINANCIAL PERFORMANCE

	For the year ended 31 December	
	2019 HK\$'000	2018 HK\$'000
Revenue	180,241	165,662
(Loss)/profit before tax	(921)	18,863
(Loss)/profit and total comprehensive income for the year attributable to owners of the Company	(1,066)	16,276

CONSOLIDATED ASSETS AND LIABILITIES

	At 31 December	
	2019 HK\$'000	2018 HK\$'000
Assets		
Non-current assets	20,671	18,425
Current assets	98,643	48,080
Total assets	119,314	66,505
Equity and liabilities		
Total equity	98,242	45,957
Non-current liability	733	—
Current liabilities	20,339	20,548
Total liabilities	21,072	20,548
Total equity and liabilities	119,314	66,505
Net current assets	78,304	27,532
Total assets less current liabilities	98,975	45,957

Management Discussion and Analysis

INDUSTRY OVERVIEW

During the year under review, uncertainty in the economy of the People's Republic of China (the "PRC"), Macau and Hong Kong has increased, and the international environment experienced significant change, with the escalation of trade frictions between the PRC and the United States and the negative impacts due to the recent social unrest in Hong Kong arising from the anti-extradition bill protests since June 2019, which has, in turn, affected the economic development in Macau. As a result, the growth in the overall income of Macau's travel industry has slowed down.

BUSINESS REVIEW

We are primarily a wholesale licensed travel agent that focuses on the provision of business-to-business domestic travel services and a car rental services provider based in Macau. We derive our revenue from (i) sales and distribution of hotel rooms; (ii) provision of car rental services under (a) our travel agent licence in Macau which allows us to provide car rental services for tourism-purpose only; (b) authorisation granted by the Macao Government Tourism Office ("MGTO") which allows us to provide multi-purpose car rental services in Macau and (c) authorisation granted by the Transport Bureau of Macau which allows the three vehicles of the Group to provide cross-border car rental services between Macau and Hong Kong from December 2019 and (iii) sales and provision of air tickets and other ancillary travel related products and services such as entertainment tickets, buffet tickets, transportation tickets, travel insurance and visa applications.

The Company has successfully listed its shares on GEM of the Stock Exchange on 26 September 2019.

FINANCIAL REVIEW

Revenue

The Group's revenue increased by approximately 8.8% from approximately HK\$165.7 million for the year ended 31 December 2018 to approximately HK\$180.2 million for the year ended 31 December 2019. The increase in revenue was mainly attributable to the increase in revenue generated from (i) the sales and distribution of hotel rooms, mainly driven by the increase in the number of hotel rooms sold and distributed by the Group; (ii) the car rental services in Macau; and (iii) the commencement of the point-to-point cross-border transportation services in December 2019.

Cost of sales

The Group's cost of sales comprised (i) cost of hotel rooms; (ii) distribution service fees; and (iii) cost of car rental services. For the years ended 31 December 2018 and 2019, the cost of sales amounted to approximately HK\$131.0 million and HK\$143.9 million, respectively, representing an increase of approximately 9.9%. Such increase was mainly due to an increase in revenue from sales and distribution of hotel rooms.

Management Discussion and Analysis

Gross profit and gross profit margin

The Group's gross profit for the year ended 31 December 2019 was approximately HK\$36.3 million, representing an increase of approximately 4.6% from approximately HK\$34.7 million for the year ended 31 December 2018. The increase in gross profit was mainly attributable to the increase in gross profit of the sales and distribution of hotel rooms. The Group's gross profit margin remained relatively stable at approximately 20.9% and 20.1% for the year ended 31 December 2018 and 2019, respectively.

Other income and gains

The Group's other income and gains increased from approximately HK\$18,000 for the year ended 31 December 2018 to approximately HK\$573,000 for the year ended 31 December 2019. The increase in other income and gains was mainly due to the one-off reversal of impairment loss on trade receivables recognised during the year.

Administrative expenses

The Group's administrative expenses mainly comprised employee benefits expenses, depreciation expenses, rental and related expenses, office expenses, motor vehicle expenses, professional fees and advertising and promotion expenses. The Group's administrative expenses increased from approximately HK\$10.0 million for the year ended 31 December 2018 to approximately HK\$20.7 million for the year ended 31 December 2019, representing an increase of approximately 107.0%. The increase in administrative expenses was mainly due to the increase in employee benefits expenses, depreciation expenses, professional fees and advertising and promotion expenses during the year.

Income tax expenses

The Group's income tax expenses for the year ended 31 December 2019 amounted to approximately HK\$0.1 million, representing a decrease of approximately 96.2% from approximately HK\$2.6 million for the year ended 31 December 2018. The decrease in income tax expenses was mainly due to the decrease of the taxable profit from our travel business.

Listing expenses

For the year ended 31 December 2019, the Group recognised non-recurring listing expenses of approximately HK\$16.9 million (for the year ended 31 December 2018: HK\$5.8 million) in relation to the Listing.

Finance costs

The Group's finance costs increased significantly from approximately HK\$10,000 for the year ended 31 December 2018 to approximately HK\$218,000 for the year ended 31 December 2019. The increase in finance costs was mainly attributable to an interest-bearing secured bank borrowing with principal amount of approximately HK\$4.5 million obtained during the year. Such bank borrowing has been fully repaid as at 31 December 2019.

Loss/profit for the year

The Group recorded a loss of approximately HK\$1.1 million for the year ended 31 December 2019 as compared to a profit of approximately HK\$16.3 million for the year ended 31 December 2018. The loss was mainly attributable to (i) the listing expenses of approximately HK\$16.9 million recognised for the year ended 31 December 2019, comparing to the listing expenses of approximately HK\$5.8 million recognised for the year ended 31 December 2018; and (ii) the increase in administrative expenses, which was mainly due to the increase in employee benefits expenses, depreciation expenses, professional fees, advertising and promotion expenses.

Management Discussion and Analysis

Use of net proceeds from the Listing

The net proceeds from the Listing, after deducting the actual underwriting fees and expenses paid by the Company in connection thereto, were approximately HK\$39.3 million. The intended use of proceeds are set out in the section headed “Future Plans and Use of Proceeds” in the prospectus of the Company dated 13 September 2019 (the “**Prospectus**”). The actual use of proceeds from the Listing Date to 31 December 2019 is set forth below:

	Planned Use of Proceeds from the Listing Planned Use of Proceeds in total (HK\$'000)	Planned Use Date up to 31 December 2019 (HK\$'000)	Actual Use of Proceeds from the Listing Date up to 31 December 2019 (HK\$'000)	Unutilised amount out of the planned amount as at 31 December 2019 (HK\$'000)
Expansion of car fleet	20,568	5,072	1,685	18,883
Cooperate with more hotel operators	6,480	—	—	6,480
Increase our marketing and expansion of our sales channel	6,917	968	585	6,332
Improve the efficiency of our operation	1,659	1,659	1,485	174
Expand our workforce	2,592	144	55	2,537
General working capital	1,080	60	60	1,020
Total	39,296	7,903	3,870	35,426

The delay in utilisation of the net proceeds was mainly due to the delay in the Group’s plan of expansion of its car fleet as a result of recent market climate. The Company will continue to apply the net proceeds according to the disclosure in the Prospectus. As at 31 December 2019, the unutilised portion of the proceeds of approximately HK\$35.43 million was placed with a bank.

Comparison of business strategies and actual business progress

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

Business strategies as stated in the Prospectus

Expand our car fleet

Cooperate with more hotel operators

Increase our marketing and expansion
of our sales channel

Improve the efficiency of our operation

Expand our workforce

Actual business progress up to date of this report

Up to the date of this report, the Group has purchased 8 new motor vehicles for the provision of point-to-point cross-border transportation services and car rental services in Macau. We will consider market demand in Macau to adjust the progress of our expansion plan of car fleet.

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

The Group will continue to adhere to this objective by (i) identifying the location for two new service points in Macau for sales; (ii) developing our online sales platform; and (iii) identifying suitable social media and search engine to advertise and promote our products and services.

The renovation of our new office has been completed and moved in.

We are recruiting experienced staff to cope with the expansion of our business.

Management Discussion and Analysis

Principal risks and uncertainties in achieving our business strategies

During the year ended 31 December 2019, the Group faced certain risks and uncertainties in achieving our business strategies in accordance with the use of proceeds plan as set out in the Prospectus as follows:

- (1) The Group may fail to find commercially hotel operators with attractive terms to cooperate with to achieve our expansion plans;
- (2) When achieving our business plans, timing is of the essence. The Group may fail to grasp the business trend to determine the optimal time to hit the market or expand of our new sales channel; and
- (3) In an increasingly volatile and complex business environment, the Group may face change of consumer behavior and high competition when we launch our business plan.

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

The Company intends to utilise the net proceeds according to the section headed “Future Plans and Use of Proceeds” in the Prospectus and based on the actual development of the Group’s business and the industry. All the unutilised balances have been placed as interest bearing deposits with licensed banks in Macau.

PRINCIPAL RISKS AND UNCERTAINTIES

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

1. The Group’s revenue was mainly derived from Macau and the Group’s sales performance is susceptible to changes in Macau as well as the PRC policies and economic environment.
2. The number of tourists visiting Macau may decrease due to (i) the out break of the novel coronavirus pneumonia epidemic; and (ii) the recent social unrest in Hong Kong arising from the anti-extradition bill protests.
3. The Group’s major suppliers might opt to deal with the Group’s customers directly, alternatively the Group’s travel agent customers may source hotel rooms from each other, thereby bypassing the Group.
4. The Group’s revenue was substantially generated from the sales and distribution of hotel rooms supplied by L’Arc Hotel Macau, and the Group’s business and results of operation may be adversely affected if (i) L’Arc Hotel Macau terminates or refuses to renew the relevant agreement, pursuant to which the Group guarantees to purchase, and L’Arc Hotel Macau guarantees to provide, a fixed number of hotel rooms at pre-determined rates covering a certain period of time or (ii) the renewed terms become less favourable to the Group.
5. The Group is committed to secure a guaranteed number of hotel rooms at pre-determined room rates with various hotels operators, in particular, L’Arc Hotel Macau. The Group may suffer from a decrease in profits or record a loss from the sales and distribution of the guaranteed hotel rooms if the Group is unable to sell and distribute the hotel rooms at rates higher than its respective pre-determined room rates or if L’Arc Hotel Macau reduces the number of hotel rooms sold to the Group.
6. The Group sold and distributed a significant portion of the hotel rooms of L’Arc Hotel Macau through a single customer (the “**Customer A**”). If Customer A ceases to procure hotel rooms of L’Arc Hotel Macau from the Group and the Group is unable to find a replacement on a timely basis, the Group may not be able to sell and distribute the hotel rooms of L’Arc Hotel Macau secured by the Group and the Group’s operations and financial performance may be adversely affected.
7. The Group’s revenue was substantially generated from and through Customer A and any decrease or loss of business from Customer A could adversely and substantially affect the Group’s operations and financial position.
8. If the Group is unable to obtain and maintain adequate parking spaces at reasonable costs, the Group’s growth opportunities may be adversely affected.

Management Discussion and Analysis

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Saved as disclosed in this report, the Group did not have other plans for material investments and capital assets as at 31 December 2019.

LIQUIDITY AND FINANCIAL RESOURCES

Capital structure

For the change in the share capital structure of the Company from 31 December 2018 to the Listing Date, please refer to the section headed “Share Capital” of the Prospectus. There has been no material change in the share capital structure of the Company since the Listing Date up to 31 December 2019.

Liquidity

At 31 December 2019, the Group's current ratio was approximately 4.8, as compared to approximately 2.3 at 31 December 2018. The increase was mainly due to the increase in bank deposits with original maturity over three months.

At 31 December 2018 and 2019, the cash and cash equivalents of the Group was stable at approximately HK\$10.6 million and HK\$10.9 million, respectively.

At 31 December 2018 and 2019, the Group had no outstanding bank borrowings.

At 31 December 2019, the lease liabilities of the leases available for use by the Group was amount of approximately HK\$3.6 million (at 31 December 2018: Nil) at the interest rate implicit to the leases. The recognition of the lease liabilities during the year ended 31 December 2019 was following the adoption of HKFRS 16 on 1 January 2019.

Pledge of assets

At 31 December 2019, the Group's bank deposits with original maturity over three months with carrying amount of approximately HK\$60.1 million has been pledged to secure general banking facilities granted to the Group (at 31 December 2018: approximately HK\$2.5 million).

Gearing ratio

At 31 December 2019, the gearing ratio of the Group was approximately 3.6% (at 31 December 2018: N/A). The increase was mainly attributable to the recognition of the lease liabilities of approximately HK\$3.6 million, following the adoption of HKFRS 16 on 1 January 2019.

DIVIDEND

Prior to the Listing, the Company declared a dividend of approximately HK\$8,891,000 to the then shareholder of the Company, the details of which are set out in note 14 to the consolidated financial statements.

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2019 (2018: Nil).

CAPITAL COMMITMENTS

At 31 December 2019, the Group had capital commitment contracted for approximately HK\$0.9 million (at 31 December 2018: nil) in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES

There was no other material acquisition or disposal of subsidiaries, associates or joint ventures during the period between the Listing Date and 31 December 2019.

Management Discussion and Analysis

SIGNIFICANT INVESTMENTS HELD

As at 31 December 2019, the Group did not hold any significant investments.

CONTINGENT LIABILITIES

At 31 December 2019, the Group had no significant contingent liabilities (at 31 December 2018: Nil).

FOREIGN EXCHANGE EXPOSURE

The Group operates in Macau with majority of the transactions being settled in MOP and Hong Kong Dollar.

The Group is not exposed to foreign exchange risk in respect of Hong Kong Dollar against MOP as the exchange rate of MOP is pegged against Hong Kong Dollar. The Group considers that there is no significant foreign exchange risk.

The Group did not have any foreign exchange contracts, interest or currency swaps, other financial derivatives or any financial instruments for hedging purposes for the year ended 31 December 2019.

TREASURY AND RISK MANAGEMENT

The Directors will continue to follow a prudent policy in managing the Group's cash and maintaining a strong and healthy liquidity to ensure that the Group is well placed to take advantage of future growth opportunities.

As at 31 December 2019, the Group's credit risk is primarily attributable to trade receivables, deposits, bank deposits with original maturity over three months and cash and cash equivalents.

At 31 December 2018 and 2019, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

Trade receivables

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

In addition, the Group performs impairment assessment under the expected credit losses ("**ECL**") model upon the application of HKFRS 9 (2018: ECL model) on credit card trade receivables individually and the remaining trade receivables are grouped using a provision matrix with past due status grouping. In this regard, the directors consider that the Group's credit risk is significantly reduced.

Deposits

The management of the Group makes periodic collective assessment as well as individual assessment on the recoverability of deposits based on historical settlement records, past experience, and also available reasonable and supportive forward-looking information under the ECL model upon application of HKFRS 9 (2018: ECL model). The management of the Group believes that there is no material credit risk inherent in the Group's outstanding balance of deposits.

Management Discussion and Analysis

Amount due from related companies and amount due from a director

The Group has concentration risk on amounts due from related companies and amount due from a director at 31 December 2018. The Directors continuously monitor the credit quality and financial positions of the counterparties and the level of exposure to ensure that the follow-up action is taken to recover the debts. In addition, the Group performs impairment assessment under the ECL model upon application of HKFRS 9 (2018: ECL model) on balances individually. In this regard, the Directors consider that the Group's credit risk is significantly reduced as the amount due from related companies and amount due from a director have been settled before the Listing Date.

Bank deposits with original maturity over three months and cash and cash equivalents

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

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

LITIGATIONS

At 31 December 2019, the Group is not engaged in any litigation or arbitration of material importance and there is no litigation or claim of material importance pending or threatened by or against any member of the Group.

PROSPECT

Our strategic objective is to strengthen our established market position in Macau's travel industry in order to generate satisfactory profits and investment returns for our shareholders and drive our sustainable growth in the future. To do so, we plan to expand our car fleet by acquiring additional vehicles and recruiting additional drivers to meet the increasing demand for in-city multi-purpose car rental services. Also, we have been strategically looking for opportunities to cooperate with more hotel operators, other travel agents and corporate customers in Macau. The Group intends to enter into hotel rooms guarantee agreements with more hotel operators to include mid- and high-tier hotel rooms with a view to increase the number of hotel rooms and to expand our hotel base so as to attract business travelers and high spending customers and to increase our market share, and thereby generate a higher sales volume and higher revenue from our other services, such as car rental services. Also, the Group will tap into the business of cooperating with the organisers of singing concerts by sponsoring singing concerts held in Macau of well-known stars and artists. We believe that it can bring synergy to our existing travel business of sales and distribution of hotel room, since some of the singing concert tickets will be sold as a package together with the hotel room, and/or car rental services to our customers.

Historically, the Group has focused on the sales and distribution of hotel rooms, provision of car rental services and sales and provision of air tickets and other ancillary travel-related products and services to and through corporate customers and travel agents as well as our four service points, which included our headquarters, two on-street shops, and one booth at the Macau Outer Harbour Ferry Terminal, respectively. In order to further leverage our marketing capabilities and increase our market share, we plan to establish more service points and develop an online platform in the form of an app to market our travel products and services to corporate and retail customers. With the increasing use of internet for travel booking and in order to correspond with our plan to develop an online sales platform, the Group intends to invest in digital marketing through advertising on social media platforms and search engines with a view to increasing our online channel presence and driving online enquiry for our products and services.

Management Discussion and Analysis

The business and financial performance of the Group may be significantly and adversely affected by, among others, the following factors: (i) the escalating trade frictions between the PRC and the United States; and (ii) the outbreak of the novel coronavirus pneumonia epidemic; and (iii) the recent social unrest in Hong Kong arising from the anti-extradition bill protests. We will closely monitor the Group's exposure to the above.

Despite the adverse business environment, we continue to explore new hotel operations with attractive terms, so that we could capture market rebound once the market conditions improve.

Nevertheless, the Group will continue to scrutinise the business environment and will implement the business strategy as stated in the Prospectus as and when appropriate.

Looking ahead, the Group will endeavor to strengthen the development of its existing businesses to provide steady return as well as growth prospects for the Company's shareholders.

EVENT AFTER REPORTING PERIOD

Reference is made to the announcement of the Company dated 6 February 2020 in relation to the outbreak of the novel coronavirus pneumonia epidemic (the "**Epidemic**"). It is expected that the Epidemic and the measures to control the spread of the Epidemic implemented by the government of the Macau Special Administrative Region of the People's Republic of China would significantly affect the travel industry of Macau, which in turn are expected to bring adverse impact to the business and financial performance of the Group in 2020.

Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Choi Wai Chan (蔡偉振), aged 32, is the founder of the Group. He was appointed as a Director on 18 December 2018 and was re-designated as an executive Director on 18 February 2019. He also serves as the chairman of the Board and the chief executive officer of the Group. He is responsible for overseeing the overall management and strategic planning of the Group. He is one of the controlling shareholders (“**Controlling Shareholders**”) of the Company.

Mr. Choi has over ten years of business management experience. Prior to establishing the Group, Mr. Choi engaged in property investment from June 2007 to October 2009. From October 2009 to February 2019, Mr. Choi gained experience in the consumer market of Macau by operating a dessert shop in Macau. Since February 2014, Mr. Choi has been serving as a director of Ying Hai Tourism (Macau) and involving in the management of the Group. Currently, Mr. Choi serves as a director of all the subsidiaries of the Group, namely Endless Luck Global Limited (“**Endless Luck**”), Ample Coral Limited (“**Ample Coral**”), Brilliant Town Limited (“**Brilliant Town**”), Max Rank Limited (“**Max Rank**”), Ying Hai Tourism Company Limited (Macau) (“**Ying Hai Tourism (Macau)**”), Zhuhai Ying Hai Corporate Planning Company Limited (“**Zhuhai Ying Hai**”), Ying Hai Rent-A-Car Service Company Limited (Macau) (“**Ying Hai Rent-A-Car (Macau)**”), Ying Hai Rent-A-Car Service Company Limited (HK) (“**Ying Hai Rent-A-Car (HK)**”), Ying Hai Interurban Passenger Road Transport Company Limited (“**Ying Hai Interurban**”), C U Macau Tourism Company Limited (“**C U Macau**”) and Ying Hai Tourism Company Limited (HK) (“**Ying Hai Tourism (HK)**”). Mr. Choi has been a director of the Travel Industry Council of Macau (澳門旅遊業議會) since November 2018. In addition, Mr. Choi has also been a vice chairman of the Jin Jiang Clans Association Macau (澳門晉江同鄉會), a honorary president of the Macao Kam Cheang Youth Association (澳門金井青年會), a vice president of the Associação Macaense dos Amigos de Shanghai (澳門上海聯誼會) and a honorary president of the Macau Electronic Competition Association (澳門電子競賽協會) since December 2017, December 2016, October 2018 and January 2019, respectively.

Mr. Choi attended secondary school education till June 2006 and is currently studying a bachelor’s degree of international hospitality and tourism management program (Chinese) at the City University of Macau in Macau.

Mr. Leong Tat Meng (梁達明), aged 37, is a co-founder of the Group. He was appointed as an executive Director on 18 December 2018 and was re-designated as an executive Director on 18 February 2019. Mr. Leong is responsible for management and supervision of operations of the Group.

Mr. Leong has over nine years of experience in the travel-related industry in Macau. From August 2005 to April 2007, Mr. Leong worked as a sales assistant at a pharmacy and got acquainted with Mr. Choi in a business event in 2005. From May 2007 to September 2010, Mr. Leong worked in Rong Fa Li Artificial Plastic Flower Limited Company, engaging in manufacture of artificial plastic flower, as an assistant. From January 2011 to September 2014, he worked in Tak Chun Gaming Promotion Company Limited (“**Tak Chun**”), being an established entertainment company in Macau, as an assistant officer in the concierge department which served mostly travellers to Macau, and gained insights to the travel-related industry in Macau. From May 2015 to September 2016, Mr. Leong served as an administrator of Ying Hai Rent-A-Car (Macau). Since November 2016 and January 2017, Mr. Leong has been working as vehicle business supervisor in Ying Hai Rent-A-Car (Macau) and Ying Hai Tourism (Macau), respectively. Mr. Leong currently serves as a director of Ying Hai Interurban. Since joining the Group in 2015, Mr. Leong has been managing and supervising the operations of the Group and, working in conjunction with Mr. Choi, contributed to the Group's business development and growth. In particular, under his supervision on our vehicle business, the Group successfully obtained an authorisation granted by the MGTO to provide multi-purpose car rental services and obtained three out of 40 permits for the provision of point-to-point cross-border transportation services between Macau and Hong Kong.

Mr. Leong obtained a diploma in hospitality and tourism management from the Beijing Huijia University in the PRC in July 2004. In September 2004, Mr. Leong further obtained a diploma of hospitality management and an advanced diploma of hospitality management from the Kangan Batman Institute of TAFE in the PRC.

Biographical Details of Directors and Senior Management

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Sou Sio Kei (蘇兆基), aged 50, was appointed as an independent non-executive Director on 3 September 2019. He is the chairman of the Remuneration Committee and a member of the Nomination Committee and the Audit Committee.

Mr. Sou has over 14 years of experience in the legal field in Macau. Mr. Sou was admitted as a registered lawyer at the Macau Lawyers Association* (澳門律師公會) in May 2005, is currently a member (secretary) of General Meeting Board of the Macau Lawyers Association (澳門律師公會會員大會主席團成員(秘書)) until year ended of 2020 and was a member of the Macau Lawyers Superior Council* (律師業高等委員會) of the Macau Lawyers Association* (澳門律師公會) from 2015 to 2018. Mr. Sou has been working as a lawyer at Sou Sio Kei Law Firm since July 2006. Mr. Sou was appointed as a mediator by the China Council Promotion of International Trade/China Chamber of International Commerce Mediation Center (中國國際貿易促進委員會/中國國際商會調解中心) in December 2018. In July 2019, Mr. Sou became a Macau Lawyers Association* (澳門律師公會) and International Dispute Resolution Academy accredited international mediator.

Mr. Sou provided service as part-time lecturer to the faculty of law of the University of Macau from March 2009 to February 2019. He has also been providing teaching services to the faculty of law of the Macau University of Science and Technology since January 2019.

Mr. Sou graduated from the University of Macau in Macau with a bachelor's degree in law and a master's degree in law in March 2001 and September 2016, respectively.

Mr. Rodrigues Cesar Ernesto (施力濤), aged 40, was appointed as an independent non-executive Director on 3 September 2019. He is the chairman of the Nomination Committee and a member of the Audit Committee and the Remuneration Committee.

From January 2005 to December 2005, Mr. Rodrigues Cesar worked as an assistant technician for the Macau 4th East Asian Games Organising Committee. From January 2006 to December 2007, Mr. Rodrigues Cesar worked as technician for the Macau 2nd Asian Indoor Games Organising Committee. From January 2008 to December 2008, Mr. Rodrigues Cesar worked as technician for the Association of Portuguese Speaking Olympic Committees. From January 2009 to June 2015, Mr. Rodrigues Cesar worked at the MGTO, with his last position being the Head of the Business Tourism and Events Division. Since July 2015, Mr. Rodrigues Cesar has been working as a managing director at Speedy Consultancy Co. Ltd, engaging in providing consultancy services in licensing, immigration, event management, marketing and public relations. Since May 2019, Mr. Rodrigues Cesar has been working as a director at Bigger A Import and Export Trade Limited, and Tong Sin Catering and Import & Export Group Company Limited, engaging in the import and export of frozen food. Since June 2019, Mr. Rodrigues has been working as a director at Shuang Zuan Management Restaurant Company Limited, engaging in catering management.

Mr. Rodrigues Cesar graduated from the University of Hertfordshire in the United Kingdom with a bachelor's degree in marketing in July 2004. Mr. Rodrigues Cesar has been the vice president of the Inspirational Youth Association (勵志青年會) since July 2015.

Biographical Details of Directors and Senior Management

Mr. Hu Chung Ming (胡宗明), aged 47, was appointed as an independent non-executive Director on 3 September 2019. He is the chairman of the Audit Committee and a member of the Nomination Committee and the Remuneration Committee.

Mr. Hu has over 23 years of experience in accounting and auditing. From January 1997 to March 2000, Mr. Hu worked at Ernst & Young with the last position as senior accountant. From April 2000 to January 2003, Mr. Hu worked at LANKom Electronics Limited, engaging in the design, development, manufacture and distribution of electromagnetic components for original equipment manufacturers, as chief financial officer. From February 2003 to June 2007, Mr. Hu worked at China Flexible Packaging Holdings Limited, engaging in the manufacture and sales of plastic packaging films, synthetic papers and high barrier films, as chief financial officer. From November 2007 to October 2008, Mr. Hu worked at Yunnan Junfa Real Estate Company Limited* (雲南俊發房地產有限責任公司), engaging in property development, as chief financial officer. From September 2009 to April 2011, Mr. Hu worked at Chu Kong Petroleum and Natural Gas Steel Pipe Holdings Limited (stock code: 1938), a company listed on the Main Board of the Stock Exchange, as chief financial officer and company secretary. From August 2013 to 6 February 2020, Mr. Hu worked at Mobile Internet (China) Holdings Limited (formerly known as China Packaging Holdings Development Limited) (stock code: 1439), a company listed on the Main Board of the Stock Exchange, as chief financial officer and company secretary. Since December 2010, Mr. Hu has also been an independent non-executive director of Leyou Technologies Holdings Limited (formerly known as Sumpo Food Holdings Limited) (stock code: 1089), a company listed on the Main Board of the Stock Exchange.

Mr. Hu obtained a bachelor's degree of commerce from the University of Queensland in Australia in December 1996. Mr. Hu was admitted as a fellow member of the HKICPA in January 2010, and was admitted as a member of the Australian Society of Certified Practising Accountants (currently known as CPA Australia) in March 2000.

Note: The English names of the bodies/entities which are marked with "*" are translated, or transliterated from their Chinese names and are for identification purposes only.

SENIOR MANAGEMENT

Ms. Im Kam Kuan (嚴金群), aged 46, joined the Group in June 2016 and she is the customer service director of the Group. She is primarily responsible for overseeing the operation of Ying Hai Tourism (Macau), Ying Hai Rent-A-Car (Macau) and Ying Hai Interurban. Ms. Im completed a business administration program by the Education Center for Zhuhai Tsinghua Science Park in the PRC in December 2013. Ms. Im has accumulated over eleven years of experience in management and administration. From October 2007 to March 2009, she worked as a general manager in the export department at Realtex International (Macau) Garment Factory, engaging in manufacture of garment. From June 2011 to November 2011, she worked as the manager in the administration department at Jin Fong (Macau) Apparel Limited, engaging in manufacture of garment. From December 2011 to May 2014, she worked in Tak Chun as an assistant concierge manager in the customer service department. From June 2014 to May 2016, Ms. Im worked in Guangdong Management Limited as a manager in the customer service department.

Ms. Zou Shuer (鄒舒爾), aged 30, joined the Group in September 2017 and she is the chief operating director of the Group. She is primarily responsible for overseeing the operation of the Group. Ms. Zou graduated from the University of Macau in Macau with a bachelor's degree in law in July 2013. From January 2014 to August 2017, Ms. Zou worked in the Commission Against Corruption of Macau as senior inspector.

Ms. Tsui Yuen Man (徐婉雯), aged 28, is the senior finance manager of the Group. Ms. Tsui joined the Group in January 2019 and is primarily responsible for financial and accounting matters of the Group. Ms. Tsui graduated from the University of South Australia in Australia with a bachelor's degree in commerce in December 2012. Ms. Tsui was admitted as a member of CPA Australia in March 2017. Ms. Tsui has more than six years of experience in accounting and auditing matters. From January 2013 to May 2014, she worked in Chan, Li, Law CPA Limited (formerly known as Chan, Li, Law & Co.) with the last position as accounts/audit intermediate. From May 2014 to January 2015, Ms. Tsui worked in Kelvin Chong & Partners as an audit intermediate. From January 2015 to August 2018, she worked in HLB Hodgson Impey Cheng Limited with the last position as senior accountant.

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICE

The shares of the Company (the “**Shares**”) were successfully listed on GEM of the Stock Exchange on the Listing Date. The Board recognises that transparency and accountability are the cornerstones of the Company’s corporate governance. Therefore, the Company is committed to maintaining high standards of corporate government in order to uphold the transparency of the Group and safeguard interests of our shareholders. The Company has adopted the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 15 to the GEM Listing Rules. In the opinion of the Board, the Company has complied with the CG Code for the year ended 31 December 2019, except for the deviations of Code Provisions A.2.1.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Paragraph A.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Choi Wai Chan (“**Mr. Choi**”) is the chairman and the chief executive officer of the Company. Considering that Mr. Choi has been operating and managing the Group since 2014, the Board believes that it is in the best interest of the Group to have Mr. Choi taking up both roles for effective management and business development. Therefore, the Board considers that the deviation from paragraph A.2.1 of the Code is appropriate in such circumstance.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings set out in Rule 5.48 to 5.67 of the GEM Listing Rules. The Company periodically issues notices to its Directors reminding them to the general prohibition on dealing in the Company’s listed securities during the blackout periods before the publication of announcements of financial results of the Group. Having made specific enquiry of the Directors, all Directors have complied with the required standard of dealings and the Company’s code of conduct regarding securities transactions by the Directors throughout the period under review. The Company was not aware of any non-compliance in this respect throughout the year ended 31 December 2019.

BOARD OF DIRECTORS

From 3 September 2019 to the date of this report (both dates included), the Board comprised two executive Directors, namely Mr. Choi Wai Chan and Mr. Leong Tat Meng and three independent non-executive Directors, namely, Mr. Hu Chung Ming, Mr. Sou Sio Kei and Mr. Rodrigues Cesar Ernesto.

Throughout the year ended 31 December 2019, Mr. Choi Wai Chan has been the chairman of the Board and the chief executive officer of the Company.

The overall management of the Company’s business is vested in the Board which assumes the responsibility for leadership and control of the Company and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. All the Directors should make decisions objectively in the interests of the Company. The Board has the full support from the executive Directors and the senior management of the Company (“**Senior Management**”) to discharge its responsibilities.

Corporate Governance Report

The day-to-day management, administration and operation of the Company are delegated to the executive Directors and Senior Management. The delegated functions and work tasks are periodically reviewed. Approval has to be obtained from the Board prior to any significant transactions entered into by the executive Director(s) and Senior Management. During the year under review, the Board also assumes the responsibilities of maintaining high standard of corporate governance, including, among others, developing and reviewing the Company's policies and practices on corporate governance, reviewing and monitoring the training and continuous professional development of Directors and Senior Management, reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements, developing, reviewing and monitoring the codes of conduct and compliance manual (if any) applicable to Directors and employees and reviewing the Company's compliance with the CG Code and the disclosures in this report. All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective delivery of the Board functions. Executive Directors and independent non-executive Directors are invited to serve on the Audit Committee, the Remuneration Committee and the Nomination Committee (as defined under the paragraph headed "Board Committees" in this report).

The Board has three independent non-executive Directors which complies with Rule 5.05(1) of the GEM Listing Rules. All the three independent non-executive Directors have appropriate professional qualifications or accounting or related financial management expertise as required by Rule 5.05(2) of the GEM Listing Rules. The independent non-executive Directors represent at least one-third of the Board in compliance with Rule 5.05A of the GEM Listing Rules.

The Company has received from each independent non-executive Directors an annual confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules and therefore considers each of them to be independent.

The biographical details of the Directors and Senior Management are set out in the section headed with "Biographical Details of Directors and Senior Management" from pages 13 to 15 of this report. Save as disclosed under the paragraph headed "Chairman and Chief Executive Officer" and in the section headed "Biographical Details of the Directors and Senior Management" in this report, each of the Board members has no financial, business, family or other material or relevant relationships with each other.

ATTENDANCE RECORDS OF MEETINGS

The Board is scheduled to meet regularly at least four times a year, and Directors will receive at least 14 days prior written notice of such meetings in compliance with paragraph A.1.1 of the CG Code. The company secretary assists the Chairman to prepare the meeting notice and agenda. Each Director may include any item in the agenda. The agenda, accompanied by meeting papers with sufficient and reliable information, are sent to each Director at least 3 days before each Board meeting or committee meeting to enable the directors to make informed decisions on the matters to be discussed, except where a Board meeting or committee meeting is convened on a very urgent basis to consider any urgent ad hoc matter.

The company secretary is responsible for taking and keeping minutes of all Board meetings and committee meetings. Draft minutes will normally be circulated to Directors for comment within a reasonable time after each meeting and all records of Board meeting and committee meetings are open for Directors' inspection.

Additional Board meetings will be convened, as and when required, to deal with ad hoc issues. Any Director who is not able to attend physically may participate at any Board meeting through means of a telephone or tele-conferencing or any other telecommunications facility, in accordance with the articles of association of the Company (the "Articles").

Corporate Governance Report

Up to the date of this report, the Board convened a total of 7 meetings in person or by means of electronic communication since the Listing. Attendance of each Director at the Board meetings is set out below:

Name of Directors	Board Meeting Attended/Held
<i>Executive Directors</i>	
Mr. Choi Wai Chan (<i>Chairman</i>)	7/7
Mr. Leong Tat Meng	7/7
<i>Independent non-executive Directors</i>	
Mr. Hu Chung Ming	7/7
Mr. Sou Sio Kei	7/7
Mr. Rodrigues Cesar Ernesto	7/7

Up to the date of this report, the Company has not convened any general meeting since the Listing Date.

BOARD COMMITTEES

The Board has established three Board committees, namely the audit committee (the “**Audit Committee**”), the remuneration committee (the “**Remuneration Committee**”) and the nomination committee (the “**Nomination Committee**”). The written terms of reference of Audit Committee, Remuneration Committee and Nomination Committee are available on the websites of the Stock Exchange and the Company.

All Board committees are provided with sufficient resources to perform their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company’s expense.

The Board is responsible for performing the corporate governance duties set out in the CG Code which include developing and reviewing the Company’s policies and practices on corporate governance, training and continuous professional development of directors, reviewing the Company’s policies and practices on compliance with legal and regulatory requirements, and reviewing the Company’s compliance with the code provision in the CG Code and disclosures in this report.

AUDIT COMMITTEE

The Company established the Audit Committee with written terms of reference in compliance with Rule 5.29 of the GEM Listing Rules and paragraph C.3.3 and C.3.7 of the CG Code pursuant to a resolution of the Directors passed on 3 September 2019. The primary duties of the Audit Committee are, among others, to make recommendation to our Board on the appointment, reappointment and removal of external auditor, monitor integrity of the Group’s consolidated financial statements, review significant financial reporting judgements contained in them, oversee the Group’s financial reporting, internal control, risk management systems and audit process and perform other duties and responsibilities assigned by the Board. The Audit Committee comprises Mr. Hu Chung Ming, Mr. Sou Sio Kei and Mr. Rodrigues Cesar Ernesto, all being independent non-executive Directors. Mr. Hu Chung Ming is the chairman of the Audit Committee.

Corporate Governance Report

Pursuant to the terms of reference of the Audit Committee, meetings shall be held not less than twice a year and the external auditor may request a meeting if they consider that one is necessary. Up to the date of this report, the Audit Committee convened 3 committee meetings since the Listing Date. The Audit Committee had reviewed the Group's annual results for the year ended 31 December 2019 and third quarterly results for the nine-month period ended 30 September 2019 and discussed internal controls, risk management and financial reporting matters. Attendance of each Audit Committee member is set out below:

Name of Directors	Audit Committee Meeting Attended/Held
<i>Independent non-executive Directors</i>	
Mr. Hu Chung Ming (<i>Chairman</i>)	3/3
Mr. Sou Sio Kei	3/3
Mr. Rodrigues Cesar Ernesto	3/3

There is no disagreement between the Board and the Audit Committee regarding the selection and appointment of the Company's auditors, HLB Hodgson Impey Cheng Limited ("**HLB**"). The Audit Committee is satisfied with their review of the auditors' remuneration, the independence of HLB and recommended to the Board to re-appoint HLB as the Company's auditors in the year 2020, which is subject to the approval of shareholders at the forthcoming annual general meeting.

The Company's annual results and annual report for the year ended 31 December 2019 have been reviewed by the Audit Committee, which opined that applicable accounting standards and requirements have been complied with and that adequate disclosures have been made.

REMUNERATION COMMITTEE

The Company established the Remuneration Committee on 3 September 2019 with written terms of reference in compliance with Rule 5.35 of the GEM Listing Rules and paragraph B.1.2 of the CG Code. The primary duties of the Remuneration Committee are, among others, to review and approve the management's remuneration proposals, make recommendations to the Board on the remuneration package of the Directors and Senior Management and ensure none of the Directors or their associates is involved in deciding their own remuneration. The Remuneration Committee comprises Mr. Sou Sio Kei, Mr. Rodrigues Cesar Ernesto and Mr. Hu Chung Ming, all being independent non-executive Directors. Mr. Sou Sio Kei is the chairman of the Remuneration Committee.

Name of Directors	Remuneration Committee Meeting Attended/Held (Note)
<i>Independent non-executive Directors</i>	
Mr. Sou Sio Kei (<i>Chairman</i>)	—
Mr. Rodrigues Cesar Ernesto	—
Mr. Hu Chung Ming	—

Note: As the Shares have only been listed since 26 September 2019, no meeting of the Remuneration Committee was held during the year ended 31 December 2019. On 16 March 2020, the Remuneration Committee held a meeting and all members of the Remuneration Committee attended the meeting.

Corporate Governance Report

Up to the date of this report, Remuneration Committee has assessed the performance of executive Directors and reviewed the remuneration and compensation package of the Directors and Senior Management with reference to, among other things, the market level of salaries paid by comparable companies, the respective responsibilities of the Directors and the Senior Management and the performance of the Group, and approved that the remuneration and compensation package remained unchanged, and the proposal to pay performance bonus to certain Directors based on the good performance of the Group in 2019.

Details of the Directors' remuneration are set out in note 12 to the consolidated financial statements.

REMUNERATION OF SENIOR MANAGEMENT BY BAND

The remuneration of the members of Senior Management by band for the year ended 31 December 2019 is set out below:

Annual remuneration by band	Number of Members of senior management
HK\$Nil to HK\$1,000,000	3

NOMINATION COMMITTEE

The Company established the Nomination Committee on 3 September 2019 with written terms of reference in compliance with paragraph A.5.2 of the CG Code. The primary duties of the Nomination Committee are, among others, to review the structure, size and composition of our Board, and select or make recommendations on the selection of individuals nominated for directorships. The Nomination Committee comprises Mr. Rodrigues Cesar Ernesto, Mr. Sou Sio Kei and Mr. Hu Chung Ming, all being independent non-executive Directors. Mr. Rodrigues Cesar Ernesto is the chairman of the Nomination Committee.

Name of Directors	Nomination Committee Meeting Attended/Held (Note)
<i>Independent non-executive Directors</i>	
Mr. Rodrigues Cesar Ernesto (<i>Chairman</i>)	—
Mr. Sou Sio Kei	—
Mr. Hu Chung Ming	—

Note: As the Shares have only been listed since 26 September 2019, no meeting of the Nomination Committee was held during the year ended 31 December 2019. On 16 March 2020, the Nomination Committee held a meeting and all members of the Nomination Committee attended the meeting.

Up to the date of this report, the Nomination Committee has made recommendation on the re-election of all the directors, who were appointed by the Board on 3 September 2019, by the Shareholders in coming annual general meeting.

Corporate Governance Report

Nomination policy

As the Shares have only been listed since 26 September 2019, no meeting of the Nomination Committee was held during the year ended 31 December 2019. On 16 March 2020, the Nomination Committee held a meeting, considered and recommended the nomination policy to the Board. The Board thus approved and adopted the nomination policy, which establishes written guidelines to the Nomination Committee to identify individuals suitably qualified to become Board members and make recommendations to the Board on the selection of individuals nominated for directorships with reference to the formulated criteria. The Board is ultimately responsible for selection and appointment of new Directors.

The Board, through the delegation of its authority to the Nomination Committee, has used its best efforts to ensure that Directors appointed to the Board possess the relevant background, experience and knowledge in business, finance and management skills critical to the Group's business to enable the Board to make sound and well considered decisions. Collectively, they have competencies in areas which are relevant and valuable to the Group.

Nomination Criteria

In evaluating and selecting any candidate for the directorship, the following criteria should be considered:

- (i) the candidate's character and integrity;
- (ii) the candidate's qualifications including professional qualifications, skills, knowledge and experience, and diversity aspects under the Board Diversity Policy (as defined below) that are relevant to the Company's business and corporate strategy;
- (iii) any measurable objectives adopted for achieving diversity on the Board;
- (iv) for independent non-executive Directors, whether the candidate would be considered independent with reference to the independence guidelines set out in the GEM Listing Rules;
- (v) any potential contributions the candidate can bring to the Board in terms of qualifications, skills, experience, independence and gender diversity;
- (vi) willingness and ability of the candidate to devote adequate time to discharge duties as a member of the Board and/or Board committee(s) of the Company; and
- (vii) such other perspectives that are appropriate to the Company's business and succession plan and where applicable may be adopted and/or amended by the Board and/or the Nomination Committee from time to time for nomination of directors and succession planning.

Nomination Procedures

The Company has put in place the following director nomination procedures:

Appointment of New and Replacement Directors

- (i) If the Board determines that an additional or replacement Director is required, it will deploy multiple channels for identifying suitable director candidates, including referral from Directors, shareholders, management, advisors of the Company and external executive search firms.
- (ii) Upon compilation and interview of the list of potential candidates, the relevant Nomination Committee will shortlist candidates for consideration by the Nomination Committee/Board based on the selection criteria and such other factors that it considers appropriate. The Board has the final authority on determining suitable director candidate for appointment.

Corporate Governance Report

Re-election of Directors and Nomination from Shareholders

- (i) Where a retiring Director, being eligible, offers himself for re-election, the Board shall consider and, if consider appropriate, recommend such retiring Director to stand for re-election at a general meeting. A circular containing the requisite information on such retiring Director will be sent to shareholders prior to a general meeting in accordance with the GEM Listing Rules.
- (ii) Any shareholder of the Company who wishes to nominate a person to stand for election as a Director at a general meeting must lodge with the company secretary of the Company within the lodgement period specified in the relevant shareholder circular (a) a written nomination of the candidate, (b) written confirmation from such nominated candidate of his willingness to stand for election, and (c) biographical details of such nominated candidate as required under the GEM Listing Rules. Particulars of the candidate so proposed will be sent to all shareholders for information by a supplementary circular

Board diversity policy

The Board has adopted a board diversity policy (the “**Board Diversity Policy**”) pursuant to requirement of the CG Code. The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance.

With a view to achieving a sustainable and balanced development, the Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development.

In designing the Board’s composition, Board diversity has been considered from a wide range of aspects, including but not limited to gender, age, cultural background and educational background, ethnicity, professional experience and qualifications, skills, knowledge and length of service, and any other factors that the Board may consider relevant and applicable from time to time. High emphasis is placed on ensuring a balanced composition of skills and experience at the Board level in order to provide a range of perspectives, insights and challenge that enable the Board to discharge its duties and responsibilities effectively, support good decision making in view of the core businesses and strategy of the Group, and support succession planning and development of the Board. For achieving an optimal Board, additional measurable objectives and specific diversity targets may be set and reviewed from time to time to ensure their appropriateness.

Selection of candidates will be based on the Company’s nomination policy and will take into account this policy. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board, having due regard to the benefits of diversity on the Board and also the needs of the Board without focusing on a single diversity aspect.

The Board will take opportunities to increase the proportion of female members over time when selecting and making recommendation on suitable candidates for Board appointments. The Board would ensure that appropriate balance of gender diversity is achieved with reference to stakeholders’ expectation and international and local recommended best practices, with the ultimate goal of bringing the Board to gender parity. The Board also aspires to having an appropriate proportion of directors who have direct experience in the Group’s core markets, with different ethnic backgrounds, and reflecting the Group’s strategy.

TERMS OF APPOINTMENT AND RE-ELECTION OF DIRECTORS

Each of the executive Directors has entered into a service contract with the Company for an initial term of three years commencing from the Listing Date. All service contracts are terminable by giving at least three months’ notice and subject to termination provisions therein and provisions on retirement by rotation and reelection in accordance with the Articles and the GEM Listing Rules.

Corporate Governance Report

Each of our independent non-executive Directors has entered into a letter of appointment with the Company for an initial term of one year commencing from the Listing Date. All letters of appointment are terminable by giving at least three months' notice and subject to termination provisions therein and provisions on retirement by rotation and reelection in accordance with the Articles and the GEM Listing Rules.

The Articles provide that subject to the manner of retirement by rotation of Directors as from time to time prescribed by the GEM Listing Rules, at each annual general meeting, one-third of the Directors for the time being shall retire from office by rotation and that every Director shall be subject to retirement by rotation at least once every three years. A retiring Director shall retain office until the close of the meeting at which he retires and shall be eligible for re-election thereat. Further, the Articles provide that 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.

The Company has taken out Directors and officers liability insurance to cover liabilities arising from legal action against the Directors.

DIVIDEND POLICY

As at the date of this report, the Board has adopted a dividend policy (the "**Dividend Policy**") in compliance with E.1.5 of the CG Code, which establishes an appropriate procedure on declaring and recommending the dividend payment of the Company. Summary of the Dividend Policy is set out below:

- (i) In deciding whether to propose a dividend and in determining the dividend amount, the Board shall take into account, among other things of the Group:–
 - a. operating and financial results;
 - b. cash flow situation;
 - c. business conditions and strategies;
 - d. future operations and earnings;
 - e. taxation consideration;
 - f. interim dividend paid, if any;
 - g. capital requirement and expenditure plans;
 - h. interests of shareholders;
 - i. statutory and regulatory restrictions;
 - j. any restrictions on payment of dividends; and
 - k. any other factors that the Board may consider relevant.
- (ii) The payment of the dividend by the Company is also subject to any restrictions under the Companies Law of the Cayman Islands and the Articles. Any final dividends declared by the Company must be approved by an ordinary resolution of the shareholders at an annual general meeting and must not exceed the amount recommended by the Board. The Board may from time to time pay to the shareholders such interim and/or special dividends as it considers to be justified by the profits of the Group.
- (iii) The Board endeavours to strike a balance between the shareholders' interests and prudent capital management with a sustainable Dividend Policy. The Board will review the Dividend Policy from time to time and may exercise at its sole and absolute discretion to update, amend and/or modify the policy at any time as it deems fit and necessary.

The Company will review the Dividend Policy from time to time and there can be no assurance that a dividend will be proposed or declared in any specific periods.

Corporate Governance Report

CONTINUOUS PROFESSIONAL DEVELOPMENT

Every Director keeps abreast of responsibilities as a Director and of the conduct, business activities and development of the Company.

The Directors are aware of the requirement under the code provision A.6.5 of the CG Code regarding continuous professional development. During the year, the Directors had reviewed the reading materials related to corporate governance and regulations that provided to them concerning latest developments in corporate governance practices and relevant legal and regulatory developments.

Name of Directors	Attended in director training of connected transaction
<i>Executive Directors</i>	
Mr. Choi Wai Chan (<i>Chairman</i>)	✓
Mr. Leong Tat Meng	✓
<i>Independent non-executive Directors</i>	
Mr. Hu Chung Ming	✓
Mr. Sou Sio Kei	✓
Mr. Rodrigues Cesar Ernesto	✓

DEED OF NON-COMPETITION

Each of the Controlling Shareholders has confirmed to the Company of his/its compliance with the non-competition undertakings provided to the Company under a deed of non-competition dated 3 September 2019 from the Listing Date to the year ended 31 December 2019. The independent non-executive Directors have reviewed the status of compliance and confirmed that all the undertakings under the deed of non-competition have been complied with by the Controlling Shareholders and duly enforced during the year under review and up to the date of this report.

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for preparing the financial statements of the Group that gives a true and fair view of the state of affairs of the Group. The Directors aim to present a balanced and understandable assessment of the Group's position and prospects with timely publication of the financial statements of the Group. As at 31 December 2019, the Board was not aware of any material uncertainties relating to events or conditions that might cast significant doubt upon the Group's ability to continue as a going concern.

The responsibility of the external auditors is to form an independent opinion, based on their audit, on those consolidated financial statements prepared by the Board and to report their opinion to the shareholders of the Company. The statements by external auditors, HLB, about their reporting responsibility on the financial statements of the Group are set out in the independent auditor's report included in this report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its responsibility for reviewing the effectiveness of the Group's risk management and internal control systems. The risk management process includes risk identification, risk evaluation, risk management and risk control and review.

The management is entrusted with duties to identify, analyze, evaluate, respond, monitor and communicate risks associated with any activity, function or process within its scope of responsibility and authority.

Corporate Governance Report

Up to the date of this report, the Board has conducted an annual review of the adequacy and effectiveness of the implemented risk management and internal control system and procedures, including areas covering financial, operational, compliance and risk management functions. The systems are implemented to minimize the risk to which the Group is exposed and is used as a management tool for the day-to-day operation of business. The system can only provide reasonable but not absolute assurance against misstatement or losses. The Board was satisfied with the adequacy and effectiveness of the risk management and internal control system.

The Group does not have an internal audit function as the Board has reviewed the effectiveness of the internal control system of the Company and is currently of the view that there is no immediate need to set up an internal audit function within the Group in light of the size, nature and complexity of the Group's business. The situation will be reviewed from time to time.

The Group has engaged Fan, Mitcehl Risk Advisory Services Limited, external professional consultant, to conduct independent internal control review for the year ended 31 December 2019 and the review is completed on 9 March 2020.

For the year ended 31 December 2019, the Board considered the Group's internal control system as adequate and effective and that the Company has complied with the code provisions on internal control of the CG Code.

AUDITORS' REMUNERATION

During the year under review, HLB (including its affiliates) provided with the Group audit and non-audit services. The remuneration for the audit service and non-audit services provided by HLB (including its affiliates) to the Group during the year ended 31 December 2019 was approximately as follows:

Type of Services	Amount HK\$'000
Audit services	600
Non-audit services	9
	609

COMPANY SECRETARY

Mr. Ng Shing Kin (吳成堅), aged 38, was appointed as the company secretary of the Company on 18 February 2019.

Mr. Ng obtained an honours diploma in business administration from the Hong Kong Shue Yan College in July 2005 and a master's degree of business administration from The University of Louisiana at Monroe in Hong Kong in May 2007. Mr. Ng further obtained a postgraduate diploma in professional accounting from the Hong Kong Baptist University in November 2007. Mr. Ng was granted the designation of financial risk manager by the Global Association of Risk Professionals in July 2008, and was admitted as a member of the HKICPA in January 2012. Mr. Ng is currently a practising certified public accountant in Hong Kong.

Prior to joining the Group in November 2018, Mr. Ng worked at HLB Hodgson Impey Cheng Limited from August 2008 to December 2013 with the last position as senior accountant. From December 2013 to October 2015, he worked in PricewaterhouseCoopers Limited as a senior associate. Since November 2015, he has been working as the financial controller and company secretary of Royal Catering Group Holdings Company Limited (stock code: 8300), a company listed on GEM of the Stock Exchange. Since December 2019, he has been an independent non-executive director of WMCH Global Investment Limited (stock code: 8208), a company listed on GEM of the Stock Exchange.

COMPLIANCE OFFICER

Mr. Choi Wai Chan (蔡偉振) is the compliance officer of the Company. Please refer to the section headed "Biographical Details of Directors and Senior Management" in this report for Mr. Choi's biography.

Corporate Governance Report

INVESTOR RELATIONS

The Company is committed to maintaining a high level of transparency and employs a policy of open and timely disclosure of relevant information to the shareholders and the investing public.

The Company has established several ways to communicate with the shareholders, details as follows:

- (i) the annual general meetings and other general meetings of the Company are the primary communication forum between the Company and the shareholders. The Board members, appropriate senior executives and external auditor will attend the general meetings to answer the shareholders' questions;
- (ii) all corporate communication materials, including announcements, financial reports, notices of meeting and circulars are published on the GEM website (<http://www.hkgem.com>) and the Stock Exchange's website (<http://www.hkexnews.hk>) and the Company's website as soon as practicable after their release; and
- (iii) the Tricor Investor Services Limited, the Hong Kong branch share registrar of the Company, serves the shareholders in respect of share registration, dividend payment and related matters;

Share registration matters shall be handled for the Shareholders by the Company's share registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.

The Company is committed to maintain effective and timely dissemination of the Group's information to shareholders and potential investors. Any enquiries to the Board or the Company may be sent by post to the Company's principal place of business in Hong Kong.

CONSTITUTIONAL DOCUMENTS

The Company adopted the new Articles on 3 September 2019 and effective on the Listing Date in preparation of the Listing. No changes were made to the constitutional documents and other corporate communication materials of the Company from the Listing Date until 31 December 2019.

SHAREHOLDERS' RIGHTS

Convening an extraordinary general meeting

The following procedures for Shareholders to convene an extraordinary general meeting are subject to the Articles (as amended from time to time), and the applicable legislation and regulation, in particular the GEM Listing Rules (as amended from time to time):

1. Extraordinary general meetings shall also be convened on the requisition of one or more Shareholders holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings.
2. Such requisition shall be made in writing to the Board or the Secretary for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition.
3. Such meeting shall be held within two Months after the deposit of such requisition.
4. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Corporate Governance Report

Enquiries to the Board

Shareholders may raise questions, request for publicly available information and provide comments and suggestions to the directors and management of the Company. Such questions, requests, comments and suggestions can be addressed to the Company by post to Room 1201, 12th Floor, Dawning House, 145 Connaught Road Central, Hong Kong or via telephone at (853) 2885 5550.

Putting forward proposals at a general meeting

Shareholders are welcomed to put forward proposals relating to the operations and management of the Group to be discussed at Shareholders' meetings. The proposals shall be sent to the company secretary of the Company at the contact details as set out in the paragraph headed "Enquiries to the Board" by a written requisition. Shareholders who wish to put forward a proposal should convene an extraordinary general meeting by following the procedures set out in "Convening an extraordinary general meeting" above.

Procedures for nomination of Director by Shareholders

For any Shareholder who wishes to nominate a person to stand for election as a director at any general meeting of the Company, the following documents must be validly served on the company secretary at the Company's principal place of business in Hong Kong at Room 1201, 12th Floor, Dawning House, 145 Connaught Road Central, Hong Kong, provided that the minimum length of the period, during which such documents are given, shall be at least seven days and that (if such documents are submitted after the despatch of the notice of the general meeting appointed for such election) the period for lodgement of such documents shall commence on the day after the despatch of the notice of the general meeting appointed for election of director and end no later than seven days prior to the date of such general meeting:

- (a) a written notice signed by the Shareholder(s), who is/are duly qualified to attend and vote at the meeting, of his/her intention to propose such person for election (the "**Nominated Candidate**");
- (b) letter of consent signed by the Nominated Candidate of his/her willingness to be elected; and
- (c) the full name and the biographical details of the Nominated Candidate as required under rule 17.50(2) of the GEM Listing Rules for publication by the Company.

LOOKING FORWARD

The Group will keep on reviewing its corporate governance standards on a timely basis and the Board endeavors to take the necessary actions to ensure compliance with the required practices and standards including the provisions of the CG Code.

Report of Directors

The Directors are pleased to present the first annual report together with the audited consolidated financial statements of the Group for the year ended 31 December 2019.

PRINCIPAL ACTIVITIES

The Company is an investment holding company and the principal activities of its subsidiaries are set out in note 1 to the consolidated financial statements. The principal activities of the Group are the provision of business-to-business domestic travel services and car rental services in Macau.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2019 are set out in the consolidated statement of profit or loss and other comprehensive income on page 42.

Prior to the Listing, the Company declared a dividend of approximately HK\$8,891,000 to the then shareholder of the Company, the details of which are set out in note 14 to the consolidated financial statements.

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2019 (2018: Nil).

BUSINESS REVIEW

A fair review and an analysis of the business of the Group using financial key performance indicators, a discussion of the principal business risks and uncertainties facing the Group and the future development of the Group's business are provided in the paragraphs headed "Business Review", "Financial Review", "Principal Risks and Uncertainties", "Future Plans for Material Investments and Capital Assets" and "Prospect" in the "Management Discussion and Analysis" section, respectively on page 5, pages 5 to 8, page 8, page 9 and page 11 of this report. Additionally, the financial risk management objectives and policies of the Company can be found in note 5 to the consolidated financial statements. These discussions form part of this Report of Directors.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group has always encouraged environmental protection, strictly complied with environmental regulations and promoted environmental protection awareness among employees. The Group implements strict monitoring through the establishment of an ever-improving environmental management system. During the year ended 31 December 2019, the Group was in compliance, in all material respects, with the relevant environmental laws and regulations.

RELATED PARTY TRANSACTIONS

Details of related party transactions undertaken in the normal course of business of the Group are set out in note 28 to the consolidated financial statements. None of these transactions with the related parties of the Group carried out during the year under review constituted connected transactions or continuing connected transactions under Chapter 20 of the GEM Listing Rules.

DONATIONS

Donations of approximately HK\$664,000 had been made by the Group for the year ended 31 December 2019 (2018: approximately HK\$8,000).

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the year are set out in note 16 to the consolidated financial statements.

Report of Directors

RESERVES

Details of movements in reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity on page 44 and note 26 to the consolidated financial statements, respectively.

DISTRIBUTABLE RESERVES

There are no distributable reserves of the Company as at 31 December 2019, calculated under Part 6 of the Companies Ordinance (Cap.622) (2018: Nil).

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles and the laws of Cayman Islands, which would oblige the Company to offer new Shares on a pro-rata basis to existing Shareholders.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2019, the Group had 91 employees (at 31 December 2018: 66 employees). Remuneration of employees (excluding the Directors) is determined with reference to market terms and in accordance with the performance, qualification and experience of each individual employee. The Remuneration Committee reviews and determines the remuneration and compensation packages of the Directors with reference to their responsibilities, workload, time devoted to the Group and the performance of the Group. As incentives or rewards for their contribution to the Group, the Group has adopted the Share Option Scheme (as defined below) and may grant options under the Share Option Scheme (as defined below) to reward its employees, the Directors and other selected participants for their contributions to the Group.

The Directors are of the view that employees are one of the keys to the sustainable development of the Group. The Directors believe that the Group maintains good working relations with its employees.

Employees are regarded as the most important and valuable assets of the Group. We provide various types of trainings to our employees, including (i) conducting in-house continuous professional development seminars; and (ii) provision of safety training programme to staff to enhance their safety awareness.

FINANCIAL SUMMARY

A summary of the Group's results and financial position is set out on page 102 of this report.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Shares during the year under review.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

A separate environmental, social and governance report is expected to be published on the Stock Exchange's website and the Company's website no later than three months after the annual report had been published.

Report of Directors

SHARE OPTION SCHEME

The Company had adopted a share option scheme (the “**Scheme**”) on 3 September 2019. As of the date of this report, no option had been granted, agreed to be granted, exercised, cancelled or lapsed under the Scheme.

1. Purpose

The purpose of the Scheme is to enable the Group to grant options to the eligible participants as incentives or rewards for their contribution to the Group and/or to enable the Group to recruit and retain high-caliber employees and attract human resources that are valuable to the Group or any entity in which any member of the Group holds any equity interest (the “**Invested Entity**”).

2. Qualifying participants

The Directors shall, in accordance with the provisions of the Scheme and the GEM Listing Rules, be entitled but shall not be bound at any time within a period of 10 years commencing from the date of the adoption of the Scheme to make an offer to any of the following classes:

- (i) any employee (whether full time or part time, including the Directors (including any executive Director and independent non-executive Director)) of the Company, any of its subsidiaries (within the meaning of the Companies Ordinance) or any Invested Entity (an “**eligible employee**”);
- (ii) any supplier of goods or services to any member of the Group or any Invested Entity;
- (iii) any customer of any member of the Group or any Invested Entity;
- (iv) any person or entity that provides research, development or other technological support to any member of the Group or any Invested Entity;
- (v) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity;
- (vi) any adviser (professional or otherwise), consultant, individual or entity who in the opinion of the Directors has contributed or will contribute to the growth and development of the Group; and
- (vii) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group,

and, for the purpose of the Scheme, the offer for the grant of an option may be made to any company wholly-owned by one or more eligible participants.

3. Maximum number of the Shares

The maximum number of the Shares in respect of which options may be granted under the Scheme and under any other share option schemes of the Company (excluding, for this purpose, Shares which would have been issuable pursuant to options which have lapsed in accordance with the terms of the Scheme or any other share option scheme of the Company) must not in aggregate exceed 10% of the total number of the Shares in issue as at Listing Date, being 120,000,000 Shares. The Company may, subject to the the shareholders’ approval in general meeting and/or such other requirements prescribed under the GEM Listing Rules, refresh this limit at any time to 10% of the Shares in issue as at the date of the shareholders’ approval. The above is subject to the condition that the maximum number of the Shares of the Company which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option schemes of the Company at any time shall not exceed 30% of the Shares of the Company in issue from time to time.

Report of Directors

As at the date of this report, no Share options has been granted by the Company and the outstanding number of Share options available for grant under the Scheme is 12,000,000 Share options to subscribe for the Shares, representing approximately 10% of the issued share capital of the Company.

4. Limit for each participant

The total number of the Shares of the Company issued and which may fall to be issued upon exercise of the options granted under the Scheme and any other share option schemes of the Company (including both exercised and outstanding options) to each participant in any 12-month period shall not exceed 1% of the Shares in issue for the time being. Any further grant of options in excess of this 1% limit shall be subject to the the approval of the shareholders of the Company in general meeting and/or other requirements prescribed under the GEM Listing Rules.

5. Exercise of an option

An option may be exercised in accordance with the terms of the Scheme at any time during a period to be determined and notified by the Directors to each grantee, which period may commence on the date upon which the offer for the grant of is made but shall end in any event not later than ten years from the date of the grant of the option subject to the provisions for early termination thereof.

Unless otherwise determined by the Directors and stated in the offer of the grant of the option to a grantee, there is no minimum period required under the Scheme for the holding of an option before it can be exercised.

6. Acceptance and payment on acceptance

The options granted under the Scheme shall remain open for acceptance for a period of up to 21 days from the date on which the options are offered to an eligible person. Upon acceptance of the option, the eligible person shall pay HK\$1 to the Company as consideration for the grant.

7. Subscription price

The subscription price of a Share in respect of any option granted under the Scheme will be a price determined by the Board at its discretion and shall not be less than the highest of (i) the closing price of the Shares as stated in the daily quotations sheet of Stock Exchange for trade in one or more board lots of the offer date; (ii) the average closing price of the Shares of the Company as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the offer date; and (iii) the nominal value of a Share.

8. Remaining life of the Scheme

The Scheme will remain valid and effective for a period of 10 years commencing from 3 September 2019 after which no further option shall be granted.

Report of Directors

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Group has adopted the required standard of dealing, as set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct for securities transactions by the Directors in respect of the Shares. Having made specific enquiry with all the Directors, all Directors have confirmed that they have complied with the required standard of dealing and the code of conduct for securities transactions by the Directors during the period between the Listing Date and 31 December 2019.

DIRECTORS

The Directors during the year under review and up to the date of this report were:

Executive Directors

Mr. Choi Wai Chan (*Chairman*)
Mr. Leong Tat Meng

Independent non-executive Directors

Mr. Hu Chung Ming
Mr. Sou Sio Kei
Mr. Rodrigues Cesar Ernesto

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

Except for the transactions disclosed in note 28 to the consolidated financial statements, no transaction, arrangement or contract that is significant in relation to the Group's business to which the Company or any of its subsidiaries, fellow subsidiaries or parent company was a party and in which a Director or his connected entity had, directly or indirectly, a material interest subsisted at any time during the year under review.

CONTRACTS BETWEEN THE COMPANY AND ITS CONTROLLING SHAREHOLDERS

No contract of significance, whether for provision of service or otherwise, between the Company or any of its subsidiaries and the Controlling Shareholders or any of the Controlling Shareholders' subsidiaries subsisted at any time during the year under review.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

The biographical details of the Directors and Senior Management of the Company are set out on pages 13 to 15 of this report.

Report of Directors

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

At 31 December 2019, 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 corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”)) which were required to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they are taken or deemed to have under such provisions of the SFO) or as recorded in the register of the Company required to be kept under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules, were as follows:

Long positions in the Shares

Name of Director	Capacity	Number of ordinary shares interested	Percentage of shareholding
Mr. Choi Wai Chan ^(Note)	Interest of controlled corporation	900,000,000	75.0%

Note:

These 900,000,000 Shares are held by Silver Esteem Limited, a company incorporated in the British Virgin Islands and is wholly-owned by Mr. Choi Wai Chan. Therefore, Mr. Choi Wai Chan is deemed to be interested in all the Shares held by Silver Esteem Limited for the purpose of the SFO. Mr. Choi Wai Chan is the sole director of Silver Esteem Limited.

Long positions in the shares of associated corporation

Name of Director	Name of associated corporation	Capacity	Number of ordinary shares interested	Percentage of shareholding
Mr. Choi Wai Chan	Silver Esteem Limited	Beneficial owner	one	100%

Save as disclosed above and so far as is known to the Directors, at 31 December 2019, none of the Directors and chief executive of the Company had any interests or short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange under 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 as recorded in the register of the Company required to be kept under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules.

Report of Directors

THE INTERESTS AND SHORT POSITIONS OF THE SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

At 31 December 2019 and so far as is known to the Directors, the following persons (other than the Directors or chief executive of the Company) had interests and short positions in the Shares or underlying shares of the Company which were required to be notified to the Company under Divisions 2 and 3 of Part XV of the SFO or as recorded in the register of the Company required to be kept under Section 336 of the SFO were as follows:

Long positions in the shares

Name of shareholders	Capacity	Number of ordinary shares interested	Percentage of shareholding
Silver Esteem Limited	Beneficial owner <i>(note 1)</i>	900,000,000	75.0%
Ms. Wong Pui Keng	Interest of spouse <i>(note 2)</i>	900,000,000	75.0%

Notes:

1. Silver Esteem Limited is a company incorporated in the British Virgin Islands and is wholly-owned by Mr. Choi Wai Chan. Therefore, Mr. Choi Wai Chan is deemed to be interested in all the Shares held by Silver Esteem Limited for the purposes of the SFO. Mr. Choi Wai Chan is the sole director of Silver Esteem Limited.
2. Ms. Wong Pui Keng is the spouse of Mr. Choi Wai Chan. She is deemed to be interested in all the Shares in which Mr. Choi Wai Chan is interested under the SFO.

Save as disclosed above, at 31 December 2019, the Directors were not aware of any interests or short positions of any persons (other than the Directors or chief executive of the Company) in the Shares or underlying shares of the Company which were required to be disclosed under Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company to be kept under Section 336 of the SFO.

EMOLUMENTS OF THE DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors (including any Director resigned during the year under review) and the five highest paid individuals of the Group are set out in note 12 to the consolidated financial statements.

CHANGES TO INFORMATION IN RESPECT OF DIRECTORS

Upon specific enquiry by the Company and following confirmations from the Directors, save as disclosed in the section headed "Biographical Details of Directors and Senior Management" in this report, there was no change in the information of the Directors required to be disclosed pursuant to paragraphs (a) to (e) and (g) of Rule 17.50(2) of the GEM Listing Rules during the year under review.

Report of Directors

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision for the benefit of the Directors is currently in force and has been in force since 26 September 2019. The Company has taken out and maintained appropriate insurance cover in respect of potential legal actions against its Directors in the execution and discharge of his or her duties or in relation thereto.

MAJOR SUPPLIERS AND CUSTOMERS

The Group's customers were mainly travel agents and corporates in Macau as well as individual customers. The Group five largest customers in aggregate accounted for approximately 63.4% (2018: 46.4%) for the year ended 31 December 2019. The largest customer accounted for approximately 20.7% (2018: 19.2%) for the year ended 31 December 2019.

The Group's five largest suppliers in aggregate accounted for approximately 77.6% (2018: 76.2%) of the Group's total purchase for the year ended 31 December 2019. The largest supplier accounted for approximately 44.7% (2018: 44.9%) of the total purchase of the Group for the year ended 31 December 2019.

None of the Directors, their respective close associates, or any Shareholder (which, to the best knowledge of the Directors, own more than 5% of the Company's issued Shares) had any interest in the major suppliers of the Company.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, it is confirmed that there is sufficient public float of at least 25% of the Company's issued shares as required under the GEM Listing Rules from the Listing Date to the date of this report.

COMPETING BUSINESS

Save as disclosed in the Prospectus and this report, the Directors are not aware of any business or interest of the Directors or the Controlling Shareholders or any of their respective close associates (as defined in the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflict of interests which any such person has or may have with the Group during the year ended 31 December 2019.

INTEREST OF THE COMPLIANCE ADVISER

As notified by the Group's compliance adviser, Lego Corporate Finance Limited (the "**Compliance Adviser**"), as at 31 December 2019, save for the compliance adviser agreement entered into between the Company and the Compliance Adviser dated 14 March 2019, none of the Compliance Adviser or its directors, employees or close associates (as defined under the GEM Listing Rules) had any interest in the share capital of the Group or in any member of the Group which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Shares during the period between the Listing Date and 31 December 2019.

Report of Directors

RELATIONSHIP WITH MAJOR STAKEHOLDERS

The Directors are of the view that customers and business partners are one of the keys to the sustainable development of the Group. The Directors believe that the Group maintains good working relations with its business partners and it endeavours to improving the quality of services to the customers.

The Group stays connected with its customers and suppliers and has ongoing communication with the customers and suppliers through various channels such as telephone, electronic mails and physical meetings to obtain their feedback and suggestions. The Group understands the importance of maintaining a good relationship with its suppliers, customers and other stakeholders to meet its short-term and long-term goals.

Key Relationships with stakeholders

Employees

The Group respects its employees and endeavours to provide better working conditions for its employees. For the staff in Macau, they are covered by a government-mandated defined contribution plan pursuant to which a fixed amount of retirement benefit would be determined and paid by the Macau government. Contributions are generally made by both staff and the Company by paying a fixed amount on a monthly basis to the Social Security Fund Contribution managed by the Macau government. For the staff in Hong Kong, the Company provides and maintains statutory benefits for its staff, including but not limited to mandatory provident fund and statutory holidays, in accordance with the requirements of the Employment Ordinance (Cap. 57). For the staff in PRC, they are members of state-managed retirement benefit schemes operated by the government of the PRC. The Company are required to contribute a specific percentage of payroll costs to the retirement benefit scheme to fund the benefits.

The Group has also established the policies for the remuneration of employees so as to provide fair remuneration packages for the employees under the systemic remuneration management. The Group provides equal opportunity for employees in respect of promotion, appraisal, training, development and other aspects and to build up a sound career platform for employees.

Customers

The Group focuses on improving the quality of its travel services and car rental services to enhance customer satisfaction, details of which will be elaborated in the environmental, social and governance report of the Company which will be published in due course.

Suppliers

The Group used to work with the suppliers with the same objectives and develop mutually-successful working relationships with the key suppliers. The Group strictly follows its policy, which is constructed under the Group's corporate culture and professional standard in the selection of suppliers and purchasing process. Although the cost of purchase is a major consideration in selecting suppliers, the Group would also consider the suppliers' corporate social responsibility performances, which include the suppliers' performances on the aspects of legal and regulatory compliance and business ethics etc.

During the year, there was no material or significant dispute between the Group and its suppliers, customers and/or other stakeholders.

Report of Directors

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

As far as the Directors are aware, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the year, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

CLOSURE OF REGISTER OF MEMBERS

In order to establish entitlements to attend and vote at the forthcoming annual general meeting, the register of members of the Company will be closed from 18 June 2020, Thursday to 23 June 2020, Tuesday, both days inclusive, during which period no transfer of the Shares will be registered. Shareholders are reminded to ensure that all completed Share transfer forms accompanied by the relevant Share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on 17 June 2020, Wednesday.

EVENT AFTER REPORTING PERIOD

Reference is made to the announcement of the Company dated 6 February 2020 in relation to the outbreak of the Epidemic. It is expected that the Epidemic and the measures to control the spread of the Epidemic implemented by the government of the Macau Special Administrative Region of the People's Republic of China will significantly affect the travel industry of Macau, which in turn are expected to being adverse impact to the business and financial performance of the Group.

AUDITORS

The consolidated financial statements have been audited by HLB who will retire and, being eligible, offer themselves for re-appointment at the 2020 annual general meeting. In the last three years preceding 31 December 2019, there has been no change in auditors of the Company.

AUDIT COMMITTEE

The Audit Committee, together with the management and external auditor of the Company, have reviewed the accounting principles and policies adopted by the Group and discussed internal controls and financial reporting matters and the audited consolidated financial statements for the year ended 31 December 2019. The audit committee is of the opinion that the audited consolidated financial statements of the Group for the year ended 31 December 2019 comply with the applicable accounting standards, the GEM Listing Rules and that adequate disclosures have been made.

On behalf of the Board

Choi Wai Chan

Chairman

Hong Kong, 16 March 2020

Independent Auditors' Report



31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

To the Shareholders of Ying Hai Group Holdings Company Limited

(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Ying Hai Group Holdings Company Limited and its subsidiaries (the “Group”) set out on pages 42 to 101, which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of profit or loss and other 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 a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSA”) issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the “Code”) and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional 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.

Independent Auditors' Report

Key audit matters

Revenue recognition

Referred to note 7 to the consolidated financial statements

We identified the recognition of revenue as a key audit matter as it is quantitatively significant to the consolidated statement of profit or loss and other comprehensive income as a whole, combined with judgement involved in determining the appropriate point at which to recognise revenue with reference to the criteria as set out in note 7 to the consolidated financial statements.

How our audit addressed the Key Audit Matter

Our procedures in relation to revenue recognition including but not limited to:

- understand the controls over revenue recognition process and business process of the Group;
- assessing the appropriateness of the Group's revenue recognition accounting policy in line with HKFRSs;
- reviewing the appropriateness of the management's assessment concerning the determination of the Group acting as a principal or an agent in each category of transactions; and
- checking, on a sample basis, the sales transaction recognised during the year and near the year end and just after the end of the reporting period including the date of the underlying sales invoices and relevant documentation to assess whether the related revenue has been recognised in the appropriate accounting period in accordance with the Group's revenue recognition accounting policies.

We found that the amounts and timing of the revenue recognition were supported by the available evidence.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises all the information included in the annual report other than the consolidated financial statements and our auditors' report thereon (the "Other Information").

Our opinion on the consolidated financial statements does not cover the other information and we do not and will 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.

Independent Auditors' Report

RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The Audit Committee are responsible for overseeing the Group's financial reporting process.

AUDITORS' 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 auditors' report that includes our opinion. This report is made solely to you, as a body and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Independent Auditors' Report

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

- 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, related safeguards.

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

The engagement partner on the audit resulting in this independent auditors' report is Shek Lui.

HLB Hodgson Impey Cheng Limited

Certified Public Accountants

Shek Lui

Practicing Certificate Number: P05895

Hong Kong, 16 March 2020

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2019

	<i>Notes</i>	2019 HK\$'000	2018 HK\$'000
Revenue	7	180,241	165,662
Cost of sales		(143,914)	(130,974)
Gross profit		36,327	34,688
Other income and gains	9	573	18
Administrative expenses		(20,735)	(10,005)
Listing expenses		(16,868)	(5,828)
Finance costs	10	(218)	(10)
(Loss)/profit before tax	11	(921)	18,863
Income tax expense	13	(145)	(2,587)
(Loss)/profit for the year		(1,066)	16,276
Other comprehensive loss			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of financial statements		(68)	(216)
Total comprehensive (loss)/income for the year		(1,134)	16,060
(Loss)/profit for the year attributable to owner of the Company		(1,066)	16,276
Total comprehensive (loss)/income for the year attributable to owner of the Company		(1,134)	16,060
(Loss)/earnings per share	15		
Basic and diluted		HK(0.11) cents	HK1.81 cents

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

As at 31 December 2019

	<i>Notes</i>	2019 HK\$'000	2018 HK\$'000
Non-current Assets			
Property, plant and equipment	16	16,213	17,573
Right-of-use assets	17	3,594	—
Deposits paid	19	864	796
Deferred tax asset	18	—	56
		20,671	18,425
Current Assets			
Trade receivables, deposits and prepayments	19	27,594	21,351
Amounts due from related companies	20	—	10,816
Amount due from a director	20	—	2,849
Bank deposits with original maturity over three months	21	60,140	2,511
Cash and cash equivalents	22	10,909	10,553
		98,643	48,080
Current Liabilities			
Trade and other payables	23	16,948	14,589
Lease liabilities	17	2,833	—
Amount due to a related company	20	—	2,844
Amount due to a director	20	—	147
Tax payables		558	2,968
		20,339	20,548
Net current assets		78,304	27,532
Total assets less current liabilities		98,975	45,957
Non-current liability			
Lease liabilities	17	733	—
Net assets		98,242	45,957
Capital and reserves			
Share capital	25	12,000	3,011
Reserves		86,242	42,946
Total equity attributable to owners of the Company		98,242	45,957

The consolidated financial statements were approved and authorised for issue by the board of directors on 16 March 2020 and signed on its behalf by:

Choi Wai Chan
Director

Leong Tat Meng
Director

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

Year ended 31 December 2019

	Share capital HK\$'000	Share premium HK\$'000 <i>(Note (a))</i>	Merger reserve HK\$'000 <i>(Note (b))</i>	Statutory reserve HK\$'000 <i>(Note (c))</i>	Translation reserve HK\$'000 <i>(Note (d))</i>	Retained earnings HK\$'000	Total equity HK\$'000
At 1 January 2018	1,584	—	—	759	191	26,810	29,344
Profit for the year	—	—	—	—	—	16,276	16,276
Other comprehensive loss:							
Exchange differences arising from translation of financial statements	—	—	—	—	(216)	—	(216)
Total comprehensive (loss)/income for the year	—	—	—	—	(216)	16,276	16,060
Capital injection into subsidiaries	1,427	—	—	—	—	—	1,427
Appropriation of reserve	—	—	—	42	—	(42)	—
Dividend declared <i>(Note 14)</i>	—	—	—	—	—	(874)	(874)
At 31 December 2018	3,011	—	—	801	(25)	42,170	45,957
Application of HKFRS 16 <i>(Note 3)</i>	—	—	—	—	—	8	8
At 1 January 2019 (as restated)	3,011	—	—	801	(25)	42,178	45,965
Loss for the year	—	—	—	—	—	(1,066)	(1,066)
Other comprehensive loss:							
Exchange differences arising from translation of financial statements	—	—	—	—	(68)	—	(68)
Total comprehensive loss for the year	—	—	—	—	(68)	(1,066)	(1,134)
Effect of reorganisation <i>(Note 2)</i>	(3,011)	—	3,011	—	—	—	—
Issuance of new shares pursuant to Share Offer	3,000	69,290	—	—	—	—	72,290
Issuance of new shares pursuant to Capitalisation Issue	9,000	(9,000)	—	—	—	—	—
Share issuing expenses	—	(9,988)	—	—	—	—	(9,988)
Dividend declared <i>(Note 14)</i>	—	—	—	—	—	(8,891)	(8,891)
At 31 December 2019	12,000	50,302	3,011	801	(93)	32,221	98,242

Consolidated Statement of Changes in Equity

Year ended 31 December 2019

Note:

(a) Share premium

The share premium represents the differences between par value of the shares of the Company and proceeds received from the issuance of the shares of the Company which is governed by the Cayman Companies Law.

(b) Merger reserve

Merger reserve of the Group represents the difference between the nominal value of the share capital of the subsidiaries acquired pursuant to the Reorganisation as fully explained in paragraph headed "History, development and Reorganisation — Reorganisation" in the prospectus of the Company dated 13 September 2019 and the nominal value of the share capital of the Company issued in exchange thereof.

(c) Statutory reserve

In accordance with the relevant laws and regulation provided in Macau and the PRC, the Group's subsidiaries in Macau and the PRC are required to appropriate 25% and 10% of their profit for the year, as determined in accordance with the generally accepted accounting principles of Macau and PRC respectively, to the statutory reserve, until the statutory reserve balance of that subsidiary equals 50% of that quota capital and the registered capital respectively. The appropriation to statutory reserve must to be made before the distribution of dividends to its shareholders. This reserve is not distributable to its shareholders.

The statutory reserve of PRC subsidiary can be used to offset previous years' losses or to increase capital.

(d) Translation reserve

Translation reserve of the Group represents the exchange difference on translation of financial statements of the entities with functional currencies other than HK\$.

Consolidated Statement of Cash Flows

For the year ended 31 December 2019

	<i>Note</i>	2019 HK\$'000	2018 HK\$'000
Cash flows from operating activities			
(Loss)/profit before tax		(921)	18,863
Adjustments for:			
Finance costs		218	10
Reversal of impairment loss on trade receivables, net		(456)	47
Reversal of impairment loss on amounts due from related companies, net		(4)	—
Reversal of impairment loss on amount due from a director, net		(2)	—
Loss on early repayment of unsecured loan		—	89
Loss on disposal of property, plant and equipment		339	50
Depreciation of property, plant and equipment		4,546	3,657
Depreciation of right-of-use assets		2,778	—
Interest income		(50)	(9)
Operating cash flows before movements in working capital		6,448	22,707
Increase in trade receivables, deposits and prepayments		(5,853)	(2,477)
Decrease/(increase) in amounts due from related companies		4	(3,538)
Decrease in amount due from a related party		—	15
Decrease in amount due from a director		1,932	2,914
Increase in trade and other payables		2,350	2,736
Increase in amount due to a related company		—	2,844
(Decrease)/increase in amount due to a director		(147)	147
Cash generated from operations		4,734	25,348
Tax paid		(2,496)	(2,333)
Net cash generated from operating activities		2,238	23,015
Cash flows from investing activities			
Proceed from disposal of property, plant and equipment		1,248	1,527
Purchase of property, plant and equipment		(4,773)	(18,189)
Placement of bank deposits with original maturity over three months		(59,385)	(2,252)
Withdrawal of bank deposits with original maturity over three months		1,787	—
Interest received		19	3
Net cash used in investing activities		(61,104)	(18,911)
Cash flows from financing activities			
Proceeds from issue of shares by way of share offer		72,290	—
Share issuing expenses		(9,988)	—
Proceed from borrowings		4,500	—
Repayment of borrowings		(4,500)	(583)
Payment of lease liabilities		(2,913)	—
Interest paid		(105)	—
Capital injection into subsidiaries		—	1,427
Net cash generated from financing activities		59,284	844
Net increase in cash and cash equivalents		418	4,948
Cash and cash equivalents at the beginning of the year		10,553	5,898
Effect of foreign exchange rate changes		(62)	(293)
Cash and cash equivalents at the end of the year	22	10,909	10,553

The accompanying notes form an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

1. GENERAL CORPORATE INFORMATION

Ying Hai Group Holdings Company Limited (the “**Company**”) was incorporated in the Cayman Islands on 18 December 2018 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The shares of the Company (the “**Shares**”) were listed on GEM of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**Listing**”) by the way of share offer (the “**Share Offer**”) on 26 September 2019 (the “**Listing Date**”). The address of the Company’s registered office is PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands. The principal place of business of the Company is Room 1201, 12th Floor, Dawning House, 145 Connaught Road Central, Hong Kong. The Company’s immediate and ultimate holding company is Silver Esteem Limited (the “**Silver Esteem**”), a company incorporated in the British Virgin Islands (“**BVI**”) with limited liability and is wholly owned by Mr. Choi Wai Chan (“**Mr. Choi**”), who is a director of the Company.

The Company is an investment holding company and its subsidiaries (collectively referred to as the “**Group**”) are principally engaged in sales and distribution of air tickets and hotel rooms, sales and provision of ancillary travel-related products and services and provision of vehicle leasing and limousine services in Macau.

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

2. REORGANISATION

Pursuant to the reorganisation (the “**Reorganisation**”) carried out by the Group as fully explained in the paragraph headed “History, development and Reorganisation — Reorganisation” in the prospectus of the Company dated 13 September 2019 (the “**Prospectus**”), the Company becomes the holding company of the companies now comprising the Group on 8 March 2019. Immediately prior to and after the Reorganisation, the companies now comprising the Group was controlled by the Mr. Choi. The Reorganisation is merely a reorganisation of the Group with no change in management of such business and the ultimate owner of the business. Accordingly, the consolidated financial statements have been prepared by applying the principles of merger accounting as prescribed in Accounting Guideline 5 *Merger Accounting for Common Control Combinations* issued by the Hong Kong Institute of Certified Public Accountant (the “**HKICPA**”), as if the Reorganisation had been completed at the beginning of the reporting period.

The consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the reporting period include the results and cash flows of all companies now comprising the Group from the earliest date presented or since the date when the subsidiaries first came under the common control of the controlling shareholders, whichever is a shorter period. The consolidated statements of financial position of the Group at 31 December 2018 have been prepared to present the assets and liabilities of the subsidiaries using the existing carrying amounts of the principal business of the Group. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the Reorganisation.

All intra-group transactions and balances have been eliminated.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

The Group has applied the following new and amendments to HKFRSs issued by the HKICPA for the first time in the current year:

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle

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

HKFRS 16 Leases

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17 *Leases*, and the related interpretations.

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease* and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019.

As at 1 January 2019, the Group recognised additional lease liabilities and measured right-of-use assets at the carrying amounts as if HKFRS 16 had been applied since commencement dates, but discounted using incremental borrowing rates of the relevant group entities at the date of initial application by applying HKFRS 16.C8(b)(ii) transition. Any difference at the date of initial application is recognised in the opening retained earnings and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

- (i) elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;
- (ii) excluded initial direct costs from measuring the right-of-use assets at the date of initial application; and

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (CONTINUED)

HKFRS 16 Leases (continued)

As a lessee (continued)

When measuring lease liabilities for leases that were classified as operating leases, the Group discount future lease payments using the interest rate implicit to the lease or the incremental borrowing rate at the date of commencement of the respective leases. The rate applied range from 2.29% to 5.22%.

	At 1 January 2019 HK\$'000
Operating lease commitment at 31 December 2018	3,108
Discounted using the interest rate implicit to the leases:	
Lease liabilities recognised	2,951
Interest on lease liabilities recognised	7
	2,958
Analysed for reporting purposes as:	
Current	1,706
Non-current	1,252
	2,958

The carrying amount of right-of-use assets for own use at 1 January 2019 comprises the following:

	At 1 January 2019 HK\$'000
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16	2,966

As a lessor

In accordance with the transitional provisions in HKFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with HKFRS 16 from the date of initial application and comparative information has not been restated.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (CONTINUED)

HKFRS 16 *Leases* (continued)

The following table summarises the impact of transition to HKFRS 16 on retained earnings at 1 January 2019:

	Impact of adopting HKFRS 16 at 1 January 2019 HK\$'000
Retained earnings at 31 December 2018 (originally stated)	45,957
Effect of HKFRS 16	8
Retained earnings at 1 January 2019 (restated)	45,965

Summary of financial effects arising from initial application of HKFRS 16

The table adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 January 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 December 2018 HK\$'000	Adjustments HK\$'000	Carrying amounts under HKFRS 16 at 1 January 2019 HK\$'000
Non-current Assets			
Right-of-use assets	—	2,966	2,966
Current liabilities			
Lease liabilities	—	1,699	1,699
Trade and other payables	14,589	7	14,596
Non-current liability			
Lease liabilities	—	1,252	1,252
Capital and reserve			
Retained earnings	42,170	8	42,178

Note: For the purpose of reporting cash flows from operating activities under indirect method for the year ended 31 December 2019, movements in working capital have been computed based on opening consolidated statements of financial position as at 1 January 2019 as disclosed above.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (CONTINUED)

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

HKFRS 17	Insurance Contracts ¹
Amendments to HKFRS 3	Definition of a Business ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between Investor and its Associate or Joint Venture ³
Amendments to HKAS 1 and HKAS 8	Definition of Material ⁴
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform ⁴

¹ Effective for annual periods beginning on or after 1 January 2021.

² Effective for business combination and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.

³ Effective for annual periods beginning on or after a date to be determined.

⁴ Effective for annual periods beginning on or after a date to be 1 January 2020.

The directors do not anticipate that the application of new and amendments to HKFRSs issued but not yet effective will have a material impact on the Group’s financial performance and financial positions.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs, which issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**Listing Rules**”) and the disclosure requirements of the Hong Kong Companies Ordinance.

Basis of preparation

The consolidated financial statements have been prepared under the historical cost basis.

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in this consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are within the scope of HKFRS 16 (since 1 January 2019) or HKAS 17 (before application of HKFRS 16), and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 *Inventories* or value in use in HKAS 36 *Impairment of Assets*.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of preparation (continued)

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

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

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expense of a subsidiary acquired or disposed of during the year/period are included in the consolidated statements of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owner of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owner of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on combination.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation (continued)

Merger accounting for business combination involving entities under common control

The consolidated financial statements incorporate the financial statements items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or business first came under common control of the controlling entity.

The net assets of the combining entities or businesses are combined using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets and liabilities over costs at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated statements of profit or loss and other comprehensive income include the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, whichever is a shorter period, regardless of the date of the common control combination.

Investments in subsidiaries

Investments in subsidiaries included in the Company's statement of financial position at cost less any identified impairment losses.

Property, plant and equipment

Property, plant and equipment are stated in the consolidated statements of financial position at costs, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after the property, plant and equipment have been put into operation, such as repair and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the property, plant and equipment, the expenditure is capitalised as an additional cost of that asset.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment (continued)

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The principal annual rates are as follows:

Leasehold improvements	Over the lease terms
Furniture, fixtures and equipment	25%
Motor vehicles	20%

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Impairment of tangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit (“CGU”) to which the asset belongs. When a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or the CGU) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or CGU) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment (including trade receivables, amounts due from related companies and amount due from a related party). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("**12m ECL**") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables without significant financing component. The ECL on these assets are assessed individually for debtors with significant balances and/or collectively using a provision matrix with appropriate groupings based on age group by due date.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

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

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 90 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- (e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Group's trade receivables as a separate group. Amount(s) due from related companies/a related party/a director are assessed for expected credit losses on an individual basis);
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Financial liabilities at amortised cost

Financial liabilities (including trade and other payables (exclude accruals and contract liabilities), lease liabilities, amount due to a related company and amount due to a director) are subsequently measured at amortised cost, using the effective interest method.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

Borrowing costs

Borrowing costs are expensed in the period in which they are incurred.

Taxation

Income tax expenses represent the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from “profit before tax” as reported in the consolidated statements of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affect neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation (continued)

Deferred tax (continued)

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the reporting period

Current and deferred tax are recognised in profit or loss.

Employee benefits

Retirement benefit scheme

Payment to Mandatory Provident Fund Scheme (the “**MPFScheme**”) is recognised as an expense when employees have rendered service entitling them to the contributions. The Group operates an MPF Scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance for those employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF Scheme is a defined contribution scheme, the assets of which are held in separate trustee-administered funds.

Under the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at 5% of the employees' relevant income, with the employers' contributions subject to a cap of monthly relevant income of HK\$30,000. The Group's contributions to the scheme are expensed as incurred and vested in accordance with the scheme's vesting scales. Where employees leave the scheme prior to the full vesting of the employer's contributions, the amount of forfeited contributions is used to reduce the contributions payable by the Group.

The employees employed by the Group's subsidiaries in PRC are members of state-managed retirement benefit schemes operated by the government of the PRC. The subsidiaries are required to contribute a specific percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits schemes operated by the government of the PRC is to make the specified contributions under the schemes.

Social security fund

Full-time employees of the Group's Macau subsidiaries are covered by a government-mandated defined contribution plan pursuant to which a fixed amount of retirement benefit would be determined and paid by the Macau government. Contributions are generally made by both employees and employers by paying a fixed amount on a monthly basis to the Social Security Fund Contribution managed by the Macau government.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than HK\$ are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. HK\$) using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of "translation reserve".

Revenue from contract with customers

Under HKFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress toward complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue from contract with customers (continued)

Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

Sales and distribution of hotel rooms

The Group sells and distributes hotel rooms to travel agents, corporate customers, online travel agent platforms and direct customers.

For the sales and distribution of hotel rooms, revenue is recognised at a point in time upon provision of accommodation services by the hotel operators. The normal credit terms granted to travel agents and other corporate customers range from 30 to 45 days upon issuance of invoice.

Under the Group's standard contract terms, customers have no right to exchange or refund the hotel rooms.

Margin income

The Group sells, distributes and provides air tickets, hotel rooms and ancillary travel-related products and services to customers on behalf of another party. The Group's performance obligation is to arrange for the provision of specified good or service by other party, thus, the Group recognises revenue in the amount of any fee or commission to which the Group expects to be entitled in exchange for arranging for the specified goods or services to be provided by other parties.

Margin income is recognised at a point in time when the services are rendered by the Group as an agent on a net basis.

Provision of limousine services

The Group provides limousine services to travel agents, corporate customers, online travel agent platforms and direct customers and revenue is recognised when the relevant services are rendered.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Provision

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably. When a change in the probability of an outflow occurs so that outflow is probable, they will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. When inflow is virtually certain, an asset is recognised.

Leases (upon application of HKFRS 16 on 1 January 2019)

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified or arising from business combinations on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

The Group as a leases

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the consolidated financial statements would not differ materially from individual leases within the portfolio.

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets that as a separate line item on the consolidated statement of financial position.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review/expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group as lessor

Leases for which the Group is a lessor are classified as operating leases.

Lease income from operating leases is recognised in profit or loss on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term.

Lease income which are derived from the Group's ordinary course of business are presented in "Revenue" line item.

Leases (prior to 1 January 2019)

All leases are classified as operating leases.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Dividend distribution

Dividend distribution to the shareholders is recognised as a liability in the Group's consolidated financial statements in the period in which the dividend is approved by shareholders of the entity.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Related parties

A party is considered to be related to the Group if:

- (a) A person, or a close member of that person's family, is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or the Group's parent.
- (b) An entity is related to the Group if any of the following condition applies:
 - (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 which the other entity is a member);
 - (iii) both entities are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also 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); or
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

A related party transaction is a transfer of resources, services or obligations between the Group and a related party, regardless of whether a price is charged.

Close family members 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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Segment reporting

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

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

5. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENT

Financial risk management

The Group's activities expose it to variety of financial risks, including foreign exchange 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.

Foreign exchange risk

The Group operates in Macau and the PRC with majority of the transactions being settled in MOP, HK\$, USD and RMB. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities, which are denominated in a currency that is not the functional currency of the Group.

The Group is not exposed to foreign exchange risk in respect of HK\$ against MOP and USD as long as these currencies are pegged.

The transactions and monetary assets and liabilities denominated in RMB are minimal, the Group considers there is no significant foreign exchange risk in respect of RMB.

The Group currently does not have a foreign currency hedging policy in respect of assets and liabilities denominated in foreign currency. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arises.

Credit risk and impairment assessment

The Group's credit risk is primarily attributable to trade receivables, deposits paid and other receivables, amounts due from related companies, amount due from a director, bank deposit with original maturity over three months and bank balances.

The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge the obligation by counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statements of financial position at the end of each reporting period.

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For the year ended 31 December 2019

5. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENT (CONTINUED)

Financial risk management (continued)

Deposits paid and other receivables

For the purpose of internal credit risk management, the Group uses past due information to assess whether credit risk has increased significantly since initial recognition.

Bank deposits with original maturity over three months and bank balances

The credit risks on bank deposit with original maturity over three months and bank balances are limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Trade receivables

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals. Before accepting any new customer, the Group uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed regularly. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model upon application of HKFRS 9 on trade balances individually or based on provision matrix. In this regard, the directors consider that the Group's credit risk is significantly reduced.

As part of the Group's credit risk management, the Group uses debtors' aging to assess the impairment for its customers because these customers consist of a large number of small customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. At 31 December 2019, the Group had applied expected loss rate of 0.02% to its trade receivables with gross carrying amount of approximately HK\$21,556,000 and recognised a loss allowance of approximately HK\$5,000. The following tables provide information about the exposure to credit risk for trade receivables which are assessed based on provision matrix at 31 December 2018 within lifetime ECL (not credit impaired). Debtors with significant outstanding balances with aggregate gross carrying amounts of approximately HK\$15,925,000 as at 31 December 2018 were assessed individually.

	Expected loss rate %	2018 Gross carrying amount HK\$'000	Loss allowance HK\$'000
Not yet due	0.01	13,383	2
1-30 days past due	1.71	315	5
31-60 days past due	8.41	3,652	307
61-90 days past due	13.21	—	—
Over 90 days past due	29.33	501	147
		17,851	461

The expected loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

During the year ended 31 December 2019, the Group reversed impairment loss previously recognised of approximately HK\$456,000 (2018: recognised impairment losses of approximately HK\$47,000) for trade receivables, based on the provision matrix.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

5. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENT (CONTINUED)

Financial risk management (continued)

Trade receivables (continued)

The following table shows the movement in lifetime ECL that has been recognised for trade receivables under the simplified approach.

	Lifetime ECL not credit- impaired HK\$'000
At 1 January 2018	414
Impairment losses recognised	47
At 31 December 2018 and at 1 January 2019	461
Reversal of impairment losses	(456)
At 31 December 2019	5

The following table shows reconciliation of loss allowances that has been recognised for amount(s) due from related companies/a related party/a director.

	12m ECL HK\$'000
At 1 January 2018	6
Impairment losses recognised	1
Reversal of impairment losses	(1)
At 31 December 2018 and at 1 January 2019	6
Reversal of impairment losses	(6)
At 31 December 2019	—

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For the year ended 31 December 2019

5. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENT (CONTINUED)

Financial risk management (continued)

Liquidity risk

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, borrowing with repayable on demand clause are included in the earliest time band regardless of the probability of the counterparty choosing to exercise its' rights.

	At 31 December 2019					Carrying amounts HK\$'000
	Effective	On demand	Within two	Over five	Total	
	Interest rate %	or within one year HK\$'000	to five years HK\$'000	years HK\$'000	undiscounted cash flows HK\$'000	
<i>Non-derivative financial liabilities</i>						
Trade and other payables	—	16,383	—	—	16,383	16,383
Lease liabilities	2.29-5.22	2,893	863	—	3,756	3,566
		19,276	863	—	20,139	19,949

	At 31 December 2018					Carrying amounts HK\$'000
	Effective	On demand	Within two	Over five	Total	
	Interest rate %	or within one year HK\$'000	to five years HK\$'000	years HK\$'000	undiscounted cash flows HK\$'000	
<i>Non-derivative financial liabilities</i>						
Trade and other payables	—	11,308	—	—	11,308	11,308
Amount due to a related company	—	2,844	—	—	2,844	2,844
Amount due to a director	—	147	—	—	147	147
		14,299	—	—	14,299	14,299

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

5. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENT (CONTINUED)

Capital management

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

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the amounts of dividend paid to the shareholders, return on capital to the shareholders or issue of new shares as well as issue of new debts or redemption of existing debts. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the reporting period.

The Group monitors capital using a gearing ratio, which is expressed as a percentage of total debt over total equity. The gearing ratios at the end of each reporting period are as follows:

	2019 HK\$'000	2018 HK\$'000
Total debt (<i>Note</i>)	3,566	—
Equity attributable to owner of the Company	98,242	45,957
Total debt to equity ratio	3.63%	N/A

Note: Total debt represents lease liabilities in notes 17 to the consolidated financial statements.

Categories of financial instruments

	2019 HK\$'000	2018 HK\$'000
Financial assets		
At amortised cost	94,450	46,319
Financial liabilities		
At amortised cost	19,949	14,299

Fair value of financial instruments

The carrying amounts of the Group's financial assets and financial liabilities carried at amortised cost were not materially different from their fair values as at 31 December 2018 and 2019.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

6. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4 to the consolidated financial statements, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements in applying accounting policies

The followings are the critical judgements, apart from those involving estimations, that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Revenue recognition on sales and distribution of hotel rooms

When determining the revenue recognition policy in respect of revenue from sales and distribution of hotel rooms, the Group has made reference to the relevant requirements concerning "Principal versus agent considerations" as set out in HKFRS 15 to determine whether the Group is acting as principal or as agent in these arrangements.

The Group procures and is guaranteed a fixed number of hotel rooms from the hotel operators and is contractually liable to pay these hotel operators for these hotel rooms regardless of whether those hotel rooms are sold to the customers. Accordingly, it is considered that the Group has obtained control over the hotel rooms procured and continues to control these hotel rooms until such time that these controls are subsequently transferred to the customers. Hence it is considered that the Group has inventory risk in respect of the procured hotel rooms.

The Group also has the discretion in establishing the price for the hotel rooms sold to the customers, and indicates that the Group has the ability to direct the use of the hotel rooms.

Accordingly, the Group is acting as principal for the sales and distribution of hotel rooms and therefore revenue is recognised at the amount of the consideration that the Group is entitled from transferring the control of the hotel rooms to the customers.

Margin income on sales and distribution of hotel rooms

The Group also arranges for the sales and distribution of hotel rooms on behalf of another party and recognises margin income from sales and distribution of such hotel rooms. For those purchases of hotel rooms to be provided by other parties to customers, i.e. hotel operators or other suppliers, the Group does not control these hotel rooms before they are transferred to customers. Thus, the Group recognises margin income on net basis as agent.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

6. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainty

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

Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Income taxes

The Group is subject to income taxes in various jurisdiction. Significant judgement is required in determining the provision of income taxes. There are many transactions and calculations for which the ultimate determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will impact the income tax and deferred tax provision in the year in which such determination is made.

Useful lives and residual values of property, plant and equipment

The Group determines the useful lives, residual values and related depreciation charges for its property, plant and equipment and reviews the useful lives and residual values periodically to ensure that the method and rates of depreciation are consistent with expected pattern of realisation of economic benefits from property, plant and equipment. This estimate is based on the historical experience of the actual residual values and useful lives of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. If there are significant changes from previous estimated useful lives and residual values, the amount of depreciation charge may change.

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7. REVENUE

Disaggregation of revenue from contracts with customers

	2019 HK\$'000	2018 HK\$'000
Type of goods or services		
Sales and distribution of hotel rooms	165,760	153,931
Margin income: <i>(Note)</i>		
– sale of air tickets	648	930
– sales and distribution of hotel rooms	1,444	1,739
– sales and provision of ancillary travel-related products and services	454	477
Provision of limousine services	7,497	5,005
Total revenue from contracts with customers	175,803	162,082
Lease income from vehicle leasing	4,438	3,580
Total revenue	180,241	165,662
Type of customer		
Travel agents	97,140	69,719
Corporate customers	25,398	16,712
Online travel agent platforms	3,343	3,905
Direct customers	54,360	75,326
Total	180,241	165,662

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

All of the Group's revenue is derived from Macau.

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

Notes to the Consolidated Financial Statements

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8. SEGMENT INFORMATION

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

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

The Group's reportable operating segments are as follows:

(i) *Travel business*

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

(ii) *Vehicle business*

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

Segment revenue and results

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

For the year ended 31 December 2019

	Travel business HK\$'000	Vehicle business HK\$'000	Total HK\$'000
Reportable segment revenue	168,306	11,935	180,241
Reportable segment results	19,604	(304)	19,300
Interest income			50
Unallocated income and expenses			(20,271)
Loss before tax			(921)
Adjusted earnings before interest, tax and depreciation	21,317	5,209	6,621

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

8. SEGMENT INFORMATION (CONTINUED)

Segment revenue and results (continued)

For the year ended 31 December 2018

	Travel business HK\$'000	Vehicle business HK\$'000	Total HK\$'000
Reportable segment revenue	157,077	8,585	165,662
Reportable segment results	25,318	764	26,082
Interest income			9
Unallocated income and expenses			(7,228)
Profit before tax			18,863
Adjusted earnings before interest, tax and depreciation	26,498	3,238	22,530

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

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

Adjusted earnings before interest, tax and depreciation is also a measurement basis regularly reviewed by the directors in performance assessment between segments and resources allocation. This measurement basis is consistent with that of the segment results except that finance costs, depreciations are not included in the adjusted earnings before interest, tax and depreciation.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

8. SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities

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

At 31 December 2019

	Travel business HK\$'000	Vehicle business HK\$'000	Total HK\$'000
Reportable segment assets	95,742	20,951	116,693
Unallocated assets			2,621
Total assets			119,314
Reportable segment liabilities	16,315	3,282	19,597
Unallocated liabilities			1,475
Total liabilities			21,072

At 31 December 2018

	Travel business HK\$'000	Vehicle business HK\$'000	Total HK\$'000
Reportable segment assets	35,658	21,095	56,753
Unallocated assets			9,752
Total assets			66,505
Reportable segment liabilities	13,571	1,186	14,757
Unallocated liabilities			5,791
Total liabilities			20,548

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

8. SEGMENT INFORMATION (CONTINUED)

Other segment information

For the year ended 31 December 2019

	Travel business HK\$'000	Vehicle business HK\$'000	Unallocated HK\$'000	Total HK\$'000
Interest income	—	—	50	50
Depreciation of property, plant and equipment	512	4,032	2	4,546
Depreciation of right-of-use assets	1,201	1,481	96	2,778
Reversal of impairment loss recognised in respect of trade receivables, net	423	33	—	456
Reversal of impairment loss recognised in respect of amounts due from related companies, net	—	—	4	4
Reversal of impairment loss recognised in respect of amount due from a director, net	—	—	2	2
Additions to non-current assets (<i>Note</i>)	—	1,730	3,043	4,773

For the year ended 31 December 2018

	Travel business HK\$'000	Vehicle business HK\$'000	Unallocated HK\$'000	Total HK\$'000
Interest income	—	—	9	9
Depreciation of property, plant and equipment	1,180	2,474	3	3,657
Impairment loss on trade receivables, net of reversal	14	33	—	47
Additions to non-current assets (<i>Note</i>)	1,794	16,386	9	18,189

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

Geographical information

Since over 90% of the Group's revenue and operating profit were generated in Macau for both years and over 90% of the Group's non-current assets were located in Macau, no geographical segment information is presented in accordance with HKFRS 8 *Operating Segments*.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

8. SEGMENT INFORMATION (CONTINUED)

Other segment information (continued)

Information about major customers

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

		2019 HK\$'000	2018 HK\$'000
	Reportable segments		
Customer A	Travel business and vehicle business	37,301	31,763
Customer B	Travel business	36,510	25,213
Customers C (Note)	Travel business and Vehicle business	18,810	N/A

Note: Revenue derived from Customer C did not contribute 10% or more to the Group's total revenue for the year ended 31 December 2018.

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

9. OTHER INCOME AND GAINS

	2019 HK\$'000	2018 HK\$'000
Interest income	50	9
Reversal of impairment loss on trade receivables, net	456	—
Reversal of impairment loss on amounts due from related companies, net	4	—
Reversal of impairment loss on amount due from a director, net	2	—
Sundry income	61	9
	573	18

10. FINANCE COSTS

	2019 HK\$'000	2018 HK\$'000
Imputed interest on unsecured loan	—	10
Interest on lease liabilities	113	—
Interest on secured bank borrowing	105	—
	218	10

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For the year ended 31 December 2019

11. (LOSS)/PROFIT BEFORE TAX

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

	2019 HK\$'000	2018 HK\$'000
Auditor's remuneration for: <i>(note (i))</i>		
– audit service	600	15
– non-audit services	9	95
	609	110
Depreciation of property, plant and equipment <i>(note (ii))</i>	4,546	3,657
Depreciation of right-of-use assets	2,778	—
(Reversal)Impairment loss on trade receivables, net	(456)	47
Listing expenses	16,868	5,828
Professional fee	1,213	278
Advertising and promotion expenses	1,665	323
Loss on early repayment of unsecured loan	—	89
Loss on disposal of property, plant and equipment	339	50
Lease payment under operating lease in respect of leased assets <i>(note (ii))</i>	—	1,555
Employee benefit expenses (excluding directors' remuneration <i>(Note 12)(note (ii))</i>)		
– Salaries, allowances and benefits in kind	10,183	5,864
– Retirement benefit scheme contribution	245	218
	10,428	6,082

Notes:

- (i) Excluding services for listing of the Company.
- (ii) Included in the Group's cost of sales are depreciation of property, plant and equipment of approximately HK\$3,529,000 (2018: HK\$2,143,000), lease payment under operating leases in respect of leased assets of approximately HK\$nil (2018: HK\$187,000), and employee benefit expenses (excluding directors' remuneration) of approximately HK\$3,067,000 (2018: 1,996,000), for the years ended 31 December 2019.

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12. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS

Directors' and chief executive's remuneration for the year, disclosed pursuant to the applicable Listing Rules and Hong Kong Companies Ordinance, is as follows:

	Year ended 31 December 2019			
	Directors' fees HK\$'000	Salaries allowances, and benefits in kind HK\$'000	Retirement benefit scheme contribution HK\$'000	Total HK\$'000
Executive directors:				
Mr. Choi	—	625	7	632
Mr. Leong Tat Meng	—	490	6	496
Independent non-executive directors:				
Mr. Sou Sio Kei (<i>note i</i>)	40	—	—	40
Mr. Rodrigues Cesar Ernesto (<i>note i</i>)	40	—	—	40
Mr. Hu Chung Ming (<i>note i</i>)	40	—	—	40
	120	1,115	14	1,248
	Year ended 31 December 2018			
	Directors' fees HK\$'000	Salaries allowances, and benefits in kind HK\$'000	Retirement benefit scheme contribution HK\$'000	Total HK\$'000
Executive directors:				
Mr. Choi	—	174	1	175
Mr. Leong Tat Meng	—	364	1	365
	—	538	2	540

Note:

- (i) Appointed as independent non-executive directors on 25 September 2019.

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For the year ended 31 December 2019

12. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS (CONTINUED)

No remuneration was paid to the independent non-executive directors for the year ended 31 December 2018 as the independent non-executive directors have not been appointed during the reporting period.

Mr. Choi is also the chief executive officer ("CEO") of the Company and his emoluments disclosed above include those for services rendered by him as the CEO.

The five highest paid individuals included two (2018: one) director for the years ended 31 December 2019. Details of whom emoluments are set out above. The emoluments of the remaining individuals for the years ended 31 December 2018 and 2019 are as follows:

	2019 HK\$'000	2018 HK\$'000
Salaries, allowance and benefits in kind	1,206	1,315
Retirement benefit scheme contribution	15	3
	1,221	1,318

The above individuals with the highest emolument are within the following bands:

	2019 HK\$'000	2018 HK\$'000
Nil to HK\$1,000,000	3	4

During the reporting period, no emoluments were paid by the Group to the directors or any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors has waived or agreed to waive any emoluments during the reporting period.

Except as disclosed in note 28 to the consolidated financial statements, no other significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

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For the year ended 31 December 2019

13. INCOME TAX EXPENSES

	2019 HK\$'000	2018 HK\$'000
Current tax:		
– Macau Complementary Tax	557	2,430
– PRC Enterprise Income Tax	–	163
	557	2,593
Over provision in prior years:		
– Macau Complementary Tax	(422)	–
– PRC Enterprise Income Tax	(46)	–
	(468)	–
Deferred tax:		
– charge/(credit) for the year (<i>Note 18</i>)	56	(6)
	145	2,587

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

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

No provision for Hong Kong Profits Tax and PRC Enterprise Income Tax have been made as there is no assessable profits for the year ended 31 December 2019.

The income tax expenses for each of the reporting period can be reconciled to the (loss)/profit as per the consolidated statements of profit or loss and other comprehensive income as follows:

	2019 HK\$'000	2018 HK\$'000
(Loss)/profit before tax	(921)	18,863
Tax calculated at tax rates applicable to the jurisdictions concern	(421)	2,338
Tax effect of:		
Expenses not deductible for tax purposes	19	43
Income not taxable for tax purposes	(120)	(9)
Estimated tax losses not recognised	1,135	215
Overprovision in prior years	(468)	–
Income tax expenses for the reporting period	145	2,587

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14. DIVIDENDS

Prior to the Reorganisation, the Company and its subsidiary had declared dividends to the shareholders during the reporting period, details are as follows:

	2019 HK\$'000	2018 HK\$'000
Dividends declared	8,891	874

Before the Company became the holding company of the Group, a member of the Group declared a dividend of approximately HK\$874,000 on 30 June 2018

On 30 April 2019, the Company has declared interim dividend of approximately HK\$8,891,000 and subsequently used to set off against the outstanding balance of amount due to immediate holding company.

After the Listing, no final dividend was paid or proposed, nor has any dividend been proposed by the board of directors subsequent to the end of reporting period.

15. (LOSS)/EARNINGS PER SHARE

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

	2019 HK\$'000	2018 HK\$'000
(Loss)/earnings		
(Loss)/earnings for the purpose of basic and diluted (loss)/earnings per share (loss)/profit for the year attributable to owners of the Company	(1,066)	16,276

	2019 '000	2018 '000
Number of shares		
Weighted average number of shares for the purpose of calculating basic and diluted (loss)/earnings per share	979,726	900,000

For the year ended 31 December 2019, the weighted average number of ordinary shares for the purpose of calculating basic loss per share have been adjusted for the effect of the share offer completed on the Listing Date.

For the year ended 31 December 2018, the weighted average number of ordinary shares for the purpose of calculating basic earnings per share have been based on the assumption that 900,000,000 ordinary shares had been issued comprising 1 ordinary shares in issue and 899,999,999 ordinary shares issue to be issued pursuant to the capitalisation issue (the "**Capitalisation Issue**") as if the shares had been outstanding throughout the year.

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

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For the year ended 31 December 2019

16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK\$'000	Furniture, fixtures, equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
Cost				
At 1 January 2018	291	282	8,005	8,578
Additions	430	230	17,529	18,189
Disposals	—	—	(5,078)	(5,078)
At 31 December 2018 and at 1 January 2019	721	512	20,456	21,689
Additions	2,943	100	1,730	4,773
Disposals	—	(34)	(1,825)	(1,859)
At 31 December 2019	3,664	578	20,361	24,603
Accumulated depreciation				
At 1 January 2018	186	95	1,629	1,910
Charge for the year	332	101	3,224	3,657
Eliminated upon disposals	—	—	(1,451)	(1,451)
At 31 December 2018 and at 1 January 2019	518	196	3,402	4,116
Charge for the period	638	131	3,777	4,546
Eliminated upon disposals	—	(17)	(255)	(272)
At 31 December 2019	1,156	310	6,924	8,390
Carrying amounts				
At 31 December 2019	2,508	268	13,437	16,213
At 31 December 2018	203	316	17,054	17,573

17. LEASES

	At 31 December 2019 HK\$'000	At 1 January 2019 (restated) HK\$'000
Right-of-use assets		
Properties	2,297	2,397
Carparking spaces	1,157	324
Licenses	140	245
	3,594	2,966

During the year ended 31 December 2019, the Group had leased certain properties and carparking spaces and recognised amount of approximately HK\$3,939,000 in the right-of-use assets.

The Group had terminated lease properties with a carrying amount of approximately HK\$533,000 during the year ended 31 December 2019.

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17. LEASES (CONTINUED)

	At 31 December 2019 HK\$'000	At 1 January 2019 (restated) HK\$'000
Lease liabilities		
Minimum lease payments due		
– Within one year	2,893	1,773
– In the second to fifth years, inclusive	863	1,289
	3,756	3,062
Less: future finance charges	(190)	(111)
Present value of lease liabilities	3,566	2,951
	At 31 December 2019 HK\$'000	At 1 January 2019 (restated) HK\$'000
Present value of lease liabilities		
– Within one year	2,833	1,699
– In the second fifth years, inclusive	733	1,252
	3,566	2,951

The Group leases various properties, carparking spaces and licenses. Rental contracts are typically made for fixed periods of 1 to 4 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Extension options are included in a number of leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts.

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For the year ended 31 December 2019

18. DEFERRED TAX ASSET

The following is the deferred tax asset recognised and movements thereon during the reporting period:

	Loss allowance for financial assets HK\$'000
At 1 January 2018	50
Credit to profit or loss (<i>Note 13</i>)	6
At 31 December 2018 and at 1 January 2019	56
Charge to profit or loss (<i>Note 13</i>)	(56)
At 31 December 2019	—

The Group had unused estimated tax losses of approximately HK\$9,686,000 (2018: HK\$2,536,000) available for offset against future profits as at 31 December 2019. No deferred tax asset has been recognised in respect of unused estimated tax losses due to the unpredictability of future profit streams. At 31 December 2018 and 2019, all of the Group's unused estimated tax losses will expire within five years.

19. TRADE RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2019 HK\$'000	2018 HK\$'000
Trade receivables, gross	21,556	17,851
Less: allowance for impairment	(5)	(461)
	21,551	17,390
Deposits paid	1,827	2,200
Prepayments	5,057	2,557
Other receivables	23	—
	6,907	4,757
Total trade receivables, deposits and prepayment	28,458	22,147
Analysed as reporting purposes as		
– Non-current assets	864	796
– Current assets	27,594	21,351
	28,458	22,147

At 31 December 2018 and 2019, included in the Group's trade receivables are balances of approximately HK\$1,215,000 and HK\$1,193,000 respectively, that are due from related party. Such balances are trade nature, unsecured, interest-free and repayable on demand.

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

19. TRADE RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)

The following is an aging analysis of the Group's trade receivables, presented based on invoice dates, at the end of each reporting period, net of allowance for impairment:

	2019 HK\$'000	2018 HK\$'000
0-30 days	15,513	13,691
31-60 days	6,004	3,345
61-90 days	—	—
Over 90 days	34	354
	21,551	17,390

Before accepting new customer, the Group assesses the credit quality and defines credit limit to potential customer. The majority of the Group's trade receivables that are past due but not impaired have good credit quality with reference to settlement history.

Trade receivables balances that are past due for which the Group has not provided for impairment loss because the management of the Group is of the opinion that the amounts will be fully recoverable as there has not been any significant adverse change in credit quality of the customers.

Details of impairment assessment are set out in note 5 to the consolidated financial statements.

20. BALANCES WITH RELATED PARTIES

Particular of the amounts due from related companies are as follow:

	2019 HK\$'000	2018 HK\$'000
Ying Hai Development Holdings Limited	—	3,405
Ying Hai Tourism Company Limited ("Ying Hai Tourism (HK)")	—	7,411
	—	10,816

The maximum amounts due from related companies during the reporting period are as follow:

	2019 HK\$'000	2018 HK\$'000
Ying Hai Development Holdings Limited	3,405	3,610
Ying Hai Tourism (HK)	7,411	7,518
瀛海投資有限公司 (Ying Hai Investment Company Limited*)	—	567
Ying Hai Estates Company Limited	—	594
瀛海餐飲管理有限公司 (Ying Hai Catering Management Company Limited*)	—	118

* For identification purposes only

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

20. BALANCES WITH RELATED PARTIES (CONTINUED)

Particular of the amount due from a director is as follow:

	2019 HK\$'000	2018 HK\$'000
Mr. Choi	—	2,849

The maximum amount due from a director during the reporting period are as follow:

	2019 HK\$'000	2018 HK\$'000
Mr. Choi	2,849	10,936

The balances with related parties are non-trade nature, unsecured, interest-free and repayable on demand.

The financial assets included in the above balances related to receivable for which there was no recent history of default.

Mr. Choi and Mr. Leong Tat Meng, being directors of the Company, had provided personal guarantees and pledged personal assets in respect of borrowings and general banking facilities of the Group without any charge. During the year ended 31 December 2019, all personal guarantees and pledge of personal assets had been released.

21. BANK DEPOSITS WITH ORIGINAL MATURITY OVER THREE MONTHS

Bank deposits with original maturity over three months carry interest ranging from 1.10% to 1.49% and 0.25% to 2.73% per annum as at 31 December 2018 and 2019 respectively.

At 31 December 2019 and 2018, bank deposits with original maturity over three months with amount of approximately HK\$60,119,000 and HK\$2,509,000 respectively, represent deposits pledged to a bank to secure banking facilities granted to the Group and guarantees issued to the suppliers of the Group as general trade deposits and to the government of the Macau Special Administrative Region (the "government of Macau SAR") to obtain travel agent licence in Macau.

22. CASH AND CASH EQUIVALENTS

	2019 HK\$'000	2018 HK\$'000
Cash and cash equivalents denominated in:		
HK\$	7,687	4,340
MOP	1,355	4,275
RMB	1,867	1,938
	10,909	10,553

Bank balances carry interest at floating rates and placed with creditworthy banks with no recent history of default.

RMB is not a freely convertible currency in the PRC and the remittance of funds out of the PRC is subject to the foreign exchange control promulgated by the PRC government. The Group's cash and cash equivalents denominated in RMB of approximately HK\$183,000 and HK\$167,000 at 31 December 2018 and 2019 respectively are located outside of the PRC which are not subject to the foreign exchange control.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

23. TRADE AND OTHER PAYABLES

	2019 HK\$'000	2018 HK\$'000
Trade payables	11,499	11,053
Accruals and other payables	4,884	3,211
Deposits received	105	126
Contract liabilities	460	199
	16,948	14,589

At 31 December 2018 and 2019, included in the Group's trade and other payables are balance of approximately HK\$41,000 and HK\$322,000 respectively, that are due to related parties. Such balances are trade nature, unsecured, interest-free and repayable on demand.

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

	2019 HK\$'000	2018 HK\$'000
0-30 days	11,455	11,002
31-60 days	39	2
61-90 days	5	3
Over 90 days	—	46
	11,499	11,053

The average credit period granted by major suppliers is 30 days.

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

24. BORROWINGS

The Group had a secured bank borrowing is interest-bearing at the Macau Commercial bank prime lending rate minus 1% per annum and is guaranteed by Mr. Choi and secured by certain motor vehicles of the Group with the carrying amounts of approximately HK\$10,951,000. On 23 October 2019, the Group has early repaid its secured bank borrowing with principal amount of HK\$4,500,000.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

25. SHARE CAPITAL

	Number of ordinary shares 2019 '000	Carrying amount 2019 HK\$'000	Number of ordinary shares 2018 '000	Carrying amount 2018 HK\$'000
Authorised:				
At 1 January	38,000	380	—	—
Ordinary shares of HK\$0.01 each upon incorporation (note (i))	—	—	38,000	380
Increase in the authorised share capital (note (ii))	11,962,000	119,620	—	—
At 31 December	12,000,000	120,000	38,000	380

	Number of ordinary shares 2019 '000	Carrying amount 2019 HK\$'000	Number of ordinary shares 2018 '000	Carrying amount 2018 HK\$'000
Issued and fully paid:				
At 1 January	— [#]	— [*]	—	—
At the date of incorporation (note (i))	—	—	— [#]	— [*]
Issuance of shares pursuant to Capitalisation Issue (note (iii))	900,000	9,000	—	—
Issuance of new shares pursuant to Share Offer (note (iv))	300,000	3,000	—	—
At 31 December	1,200,000	12,000	— [#]	— [*]

* Amount is less than HK\$1,000.

Amount is less than 1,000.

Notes:

- (i) The Company was incorporated on 18 December 2018 with authorised share capital of HK\$380,000 divided into 38,000,000 shares with a par value of HK\$0.01 each. On the date of incorporation, the Company allotted and issued 1 share as fully paid to a nominee subscriber. On the same date, the nominee subscriber as transferor executed an instrument of transfer in favour of Silver Esteem, pursuant to which the nominee subscriber transferred the one share, which represent the entire issued share capital of the Company, to Silver Esteem. Upon completion of the above transfer, the issued share capital of the Company became wholly owned by Silver Esteem.
- (ii) On 3 September 2019, the authorised share capital of the Company was increased from HK\$380,000 divided into 38,000,000 shares with par value of HK\$0.01 each to HK\$120,000,000 divided into 12,000,000,000 shares of HK\$0.01 each by creation of an additional 11,962,000,000 shares of HK\$0.01 each.
- (iii) On 26 September 2019, upon the crediting of the Company's share premium account as a result of the issue of the shares pursuant to the Listing, a sum of approximately HK\$9,000,000 standing to the credit of the share premium account will be applied in paying up in full 899,999,999 shares for allotment and issue to Silver Esteem.
- (iv) On 26 September 2019, the Company has issued a total of 300,000,000 ordinary shares of HK\$0.01 each at a price of HK\$0.24 per share for a total consideration of HK\$72,290,000.

Notes to the Consolidated Financial Statements

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26. STATEMENT OF FINANCIAL POSITION AND MOVEMENT OF RESERVES OF THE COMPANY

(a) Statement of financial position of the Company

	2019 HK\$'000	2018 HK\$'000
Non-current asset		
Investments in subsidiaries	1	—
Current assets		
Prepayment	26	—
Amount due from subsidiaries	42,880	—
Cash and bank balances	691	—
	43,597	—
Current liabilities		
Accruals and other payables	537	—
Amount due to subsidiaries	2,213	—
	2,750	—
Net current assets	40,847	—
Total assets less current liabilities	40,848	—
Net assets	40,848	—
Capital and reserve		
Share capital	12,000	—
Reserves	28,848	—
Total equity	40,848	—

Approved by the board of directors on 16 March 2020 and signed on its behalf by:

Choi Wai Chan
Director

Leong Tat Meng
Director

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

26. STATEMENT OF FINANCIAL POSITION AND MOVEMENT OF RESERVES OF THE COMPANY (CONTINUED)

(b) Movement of reserves of the Company

	Share premium HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 18 December 2018 (date of incorporation)			
at 31 December 2018 and at 1 January 2019	—	—	—
Issuance of new shares pursuant to Capitalisation Issue	(9,000)	—	(9,000)
Issuance of new shares pursuant to Share Offer	69,290	—	69,290
Share issuing expenses	(9,988)	—	(9,988)
Dividend paid	—	(8,891)	(8,891)
Loss and total comprehensive loss for the year	—	(12,563)	(12,563)
At 31 December 2019	50,302	(21,454)	28,848

27. COMMITMENTS

Operating lease commitments

The Group as lessor

The Group leases certain of its motor vehicles under operating lease arrangements, with leases negotiated for terms ranging from 3 months to 5 years during the reporting period.

At the end of the reporting period, the Group had total future minimum lease receivables under non-cancellable operating leases falling due as follows:

	2019 HK\$'000	2018 HK\$'000
Within one year	2,257	2,215
In the second to fifth years, inclusive	1,350	2,490
	3,607	4,705

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27. COMMITMENTS (CONTINUED)

Operating lease commitments (continued)

The Group as lessee

The Group leases a number of properties, carparking spaces and licenses under operating lease arrangements. Leases for these assets are negotiated for terms ranging from 1 to 4 years.

At the end of the reporting period, the Group had commitment for future minimum lease payments under non-cancellable operating leases falling due as follows:

	2018 HK\$'000
Within one year	1,824
In the second to fifth years, inclusive	1,284
	3,108

The Group does not have an option to purchase the leased assets at the expiry of the lease period.

Upon initial application of HKFRS 16 on 1 January 2019, the Group recognised lease liabilities of the future lease payments discounted at the interest rate implicit to the leases. Under the modified retrospective approach, comparative information is not restated.

Capital commitment

	2019 HK\$'000	2018 HK\$'000
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	900	—

28. MATERIAL RELATED PARTY TRANSACTIONS

- (a) Save as disclosed elsewhere in the consolidated financial statements, the Group entered into the following transactions with related parties:

	2019 HK\$'000	2018 HK\$'000
Disposal of property, plant and equipment to a related party		
– Ms. Wong Pui Keng (i)	—	2,050
Purchase from a related company		
– Tak Chun Gaming Promotion Company Limited (“ Tak Chun ”) (ii)	2,821	4,340
Revenue generated from a related company		
– Tak Chun (ii)	4,057	4,644

Notes to the Consolidated Financial Statements

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28. MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(a) (continued)

Notes:

- (i) Ms. Wong Pui Keng is the spouse of Mr. Choi.
- (ii) Ms. Wong Pui Keng is a director of Tak Chun.

Mr. Choi had provided personal guarantees in respect of the Group's general banking facilities without any charge. All personal guarantees had been released during the year ended 31 December 2019.

Mr. Leong Tat Meng had pledged his property and provided personal guarantee in respect of the Group's general banking facilities without any charge. The pledge of asset and the personal guarantee had been released during the year ended 31 December 2019.

(b) Compensation of key management personnel of the Group, including directors' remuneration as disclosed in note 12 to the consolidated financial statements, is as follows:

	2019 HK\$'000	2018 HK\$'000
Salaries, allowance and benefits in kind	2,361	1,068
Retirement benefit scheme contributions	32	3
	2,393	1,071

(c) Details of the balance with related parties at 31 December 2019 and 2018 are set out in note 20 to the consolidated financial statements.

29. RETIREMENT BENEFIT SCHEME

The Group operates MPF Scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance. Under the MPF Scheme, employees are required to contribute 5% of their monthly salaries or up to a maximum of HK\$1,500 and they can choose to make additional contributions. Employers monthly contributions are calculated at 5% of the employee's monthly salaries or up to a maximum of HK\$1,500 (the "mandatory contributions"). Employees are entitled to 100% of the employer's mandatory contributions upon their retirement at the age of 65, death or total incapacity.

The retirement benefits scheme contributions arising from the MPF Scheme charged to profit or loss represent contributions paid or payable to the funds by the Group at rates specified in the rules of the schemes.

The employees of the Group's subsidiaries in Macau and the PRC are members of state-managed retirement benefit schemes operated by the Macau and PRC government. The Group is required to contribute a certain percentage of its payroll to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefit schemes is to make the required contributions under the scheme.

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30. PARTICULARS OF SUBSIDIARIES

The following table lists the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affected the results of the year or assets of the Group.

Name of subsidiary	Country/place and Date of incorporation	Class of shares held	Issued and fully paid shares capital/ registered capital	At 31 December		Principal activities
				2018 %	2019 %	
Directly held:						
Endless Luck Global Limited	BVI/9 October 2018	Ordinary	US\$400	100	100	Investment holding
Indirectly held:						
Ample Coral Limited	BVI/15 October 2018	Ordinary	US\$1	100	100	Investment holding
Brilliant Town Limited	BVI/10 October 2018	Ordinary	US\$1	100	100	Investment holding
C U Macau Tourism Company Limited (formerly known as "C U Macau Company Limited")	Macau/ 9 December 2016	Quota capital	MOP1,500,000	100	100	Provision of travel information
Max Rank Limited	BVI/ 28 September 2018	Ordinary	US\$1	100	100	Investment holding
Ying Hai Interurban Passenger Road Transport Company Limited	Macau/ 5 October 2018	Quota capital	MOP5,000,000	100	100	Inactive
Ying Hai Rent-A-Car Service Company Limited	Hong Kong/ 29 November 2018	Ordinary	HK\$100	100	100	Inactive
Ying Hai Rent-A-Car Service Company Limited	Macau/ 19 May 2015	Quota capital	MOP100,000	100	100	Provision of car rent services
Ying Hai Tourism (HK)	Hong Kong/ 20 May 2016	Ordinary	HK\$1,000	100	100	Back office of the Group
Ying Hai Tourism Company Limited	Macau/ 28 February 2014	Quota capital	MOP1,500,000	100	100	Provision of travel agent services
Zhuhai Ying Hai Corporate Planning Company Limited (珠海瀛海企業策劃有限公司) ("Zhuhai Ying Hai") (i)(ii)	The PRC/ 13 November 2015	Registered	RMB2,800,000	100	100	Back office of the Group

Notes:

- (i) The English name is for identification purposes only.
- (ii) Wholly foreign-owned enterprise.

None of the subsidiaries had debt securities outstanding at the end of the reporting period or at any time during the year.

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31. MAJOR NON-CASH TRANSACTIONS

The Group entered into the following major non-cash investing financing activities which are not reflected in the consolidated statements of cash flows:

- a) During the year ended 31 December 2018, the Group acquired certain property, plant and equipment at a consideration of HK\$505,000, of which the consideration was paid during the year ended 31 December 2016.
- b) During the year ended 31 December 2018, the Group disposed of one of its property, plant and equipment at a consideration of HK\$2,050,000, of which the consideration was received during the year ended 31 December 2017.
- c) During the year ended 31 December 2018, dividend declared by the Company's subsidiary amounted to approximately HK\$874,000, was settled against amounts due from related companies and amount due from a director.
- d) During the year ended 31 December 2019, dividend declared by the Company amount to approximately HK\$8,891,000, was settled against amount due from immediate holding company.

32. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statements of cash flows as cash flows from financing activities.

	Interest payable on lease liabilities HK\$'000	Lease liabilities HK\$'000	Borrowings HK\$'000	Total HK\$000
At 1 January 2018	—	—	484	484
Financing cash flows	—	—	(583)	(583)
Finance costs	—	—	10	10
Foreign exchange translation	—	—	89	89
At 31 December 2018	—	—	—	—
Application of HKFRS 16	7	2,951	—	2,958
At 1 January 2019 (as restated)	7	2,951	—	2,958
Financing cash inflows	—	—	4,500	4,500
Financing cash outflows	(120)	(2,793)	(4,605)	(7,518)
Addition of new lease	—	3,419	—	3,419
Finance costs	113	—	105	218
Foreign exchange translation	—	(11)	—	(11)
At 31 December 2019	—	3,566	—	3,566

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33. EVENTS AFTER THE REPORTING PERIOD

As disclosed in the Company's announcement dated 6 February 2020, in view of the outbreak of COVID-19 (the "**Pandemic**"), the government of Macau Special Administrative Region ("**Macau**") of the PRC has implemented a number of measures to control the spread of the Pandemic (the "**Pandemic Control Measures**"). Among the Pandemic Control Measures, the restriction of entry into Macau who have been to Hubei Province of the PRC within the previous 14 days from 26 January 2020 and the suspension of all casino operation for 15 days from 5 February 2020 to 20 February 2020 had the most significant adverse impact to the business and financial performance of the Group.

In view of the Pandemic, the directors of the Company had taken the following measures to encounter the adverse effect:

- The Group had entered into certain hotel rooms guarantee agreements with its suppliers which the Group is committed to purchase a fixed number of hotel rooms at pre-determined room rates. The Group has been actively negotiating with its suppliers to obtain waivers/allowances for the rooms that have previously obliged to purchase in February and the months afterward;
- The Group is in the process of applying for a provision scheme launch by the government of Macau regarding an interest-subsidy scheme. Pursuant to the scheme, eligible entity would be granted a subsidy on any payable interest linked to bank loans involving a maximum interest rate of 4%. Such subsidy would be up to a maximum amount of MOP2 million, for a maximum period of 3 years; and
- The Group is in the processing of applying waiver for the license fee in relation to the operation of self-drive rent-a-car services.

Apart from the abovementioned measures, as disclosed in note 21 to the consolidated financial statements, the Group had used its bank deposits with original maturity over three months to secure general banking facilities of HK\$61,767,000 for the year ended 31 December 2019 and the Group had recorded net assets of approximately HK\$98,242,000 at 31 December 2019. Hence, the directors of the Company are of the view that the Company have sufficient working capital and is able to continue as a going concern.

34. COMPARATIVE INFORMATION

The Group has initially applied HKFRS 16 on 1 January 2019. Under the transition method, comparatives information is not restated unless otherwise indicated. Further details of the changes in according policies are disclosed in Note 3 to the consolidated financial statements.

35. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 16 March 2020.

Summary of Financial Information

A summary of the published results and of the assets and liabilities of the Group pursuant to Rule 18.33 of the GEM Listing Rules is set out below:

RESULTS

	Years ended 31 December		
	2019 HK\$'000	2018 HK\$'000	2017 HK\$'000
Revenue	180,241	165,662	117,628
(Loss)/profit before tax	(921)	18,863	20,901
Income tax expenses	(145)	(2,587)	(2,665)
(Loss)/profit for the year	(1,066)	16,276	18,236
Other comprehensive (loss)/income	(68)	(216)	194
Total comprehensive (loss)/income for the year	(1,134)	16,060	18,430
(Loss)/profit for the year attributable to owner of the Company	(1,066)	10,276	18,218
Non-controlling interests	—	—	18
	(1,066)	10,276	18,236
Total comprehensive (loss)/income for the year attributable to:			
Owners of the Company	(1,134)	16,060	18,407
Non-controlling interests	—	—	23
	(1,134)	16,060	18,430

ASSETS AND LIABILITIES

	At 31 December		
	2019 HK\$'000	2018 HK\$'000	2017 HK\$'000
Total assets	119,314	66,505	46,789
Total liabilities	21,072	20,548	17,075
Net assets	98,242	45,957	29,714
Equity attributable to:			
Owners of the Company	98,242	45,957	29,714
Non-controlling interests	—	—	—
	98,242	45,957	29,714

Note: No consolidated financial statements of the Group for the years ended 31 December 2016 and 2015 have been published.