ANNUAL REPORT 2021

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

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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 *(HKICPA)*

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 ADVISERS TO THE COMPANY

As to Hong Kong law
ONC Lawyers
19th Floor
Three Exchange Square
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
31th, Gloucester Tower, The Landmark,
11 Pedder Street, Central, Hong Kong SAR

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

PRINCIPAL PLACE OF BUSINESS IN MACAU

Rua de Pequim n.°126,
EdifÍcio Comercial "I
Tak", 23.° andar "D", Macau

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

19th Floor, Three Exchange Square,
8 Connaught Place, Central, Hong Kong

PRINCIPAL SHARE REGISTRAR

Ocorian Trust (Cayman) Limited
Windward 3, Regatta Office Park,
PO Box 1350, Grand Cayman KY1-1108,
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East, Hong Kong

COMPANY WEBSITE

www.yinghaiholding.com

STOCK CODE

8668

Chairman's Statement

Dear Shareholders,

We are 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 2021, we derived our revenue from the following operating segments: (i) sales and distribution of hotel rooms; (ii) provision of car rental services, (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; and (iv) sponsorship of singing concerts held in Macau and cooperation with organisers of singing concerts.

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.

Choi Wai Chan
Chairman
Hong Kong, 31 March 2022

Financial Highlights

CONSOLIDATED FINANCIAL PERFORMANCE

	For the year ended 31 December	
	2021 **HK$'000**	2020 HK$'000
Revenue	**14,621**	20,114
Loss before tax	**(25,112)**	(25,360)
Loss and total comprehensive loss for the year attributable to owners of the Company	**(24,853)**	(25,472)

CONSOLIDATED ASSETS AND LIABILITIES

	At 31 December	
	2021 **HK$'000**	2020 HK$'000
Assets		
Non-current assets	**14,663**	24,618
Current assets	**49,583**	68,212
Total assets	**64,246**	92,830
Equity and liabilities		
Total equity	**48,265**	72,906
Non-current liability	**6,601**	10,034
Current liabilities	**9,380**	9,890
Total liabilities	**15,981**	19,924
Total equity and liabilities	**64,246**	92,830
Net current assets	**40,203**	58,322
Total assets less current liabilities	**54,866**	82,940

Management Discussion and Analysis

INDUSTRY OVERVIEW

During the financial year ended 31 December 2021 (the "**Year**"), the economy of Macau and Hong Kong were still under the severe impact of the outbreak of COVID-19 pandemic (the "**Pandemic**"). The travel restrictions on entry of Macau, Hong Kong and other locations continued to be in force throughout the year which badly hit the economy of Macau. As a result, the Pandemic continued to cause a serious influence to the travel industry of Macau and the overall income of Macau's travel industry has substantially scaled down.

BUSINESS REVIEW

The Group is a wholesale licensed travel agent that primarily focuses on the provision of business-to-business domestic travel services and a car rental services provider based in Macau. The Group derived its revenue from (i) the sales and distribution of hotel rooms; (ii) the provision of car rental services under (a) its travel agent licence in Macau which allows it to provide car rental services for tourism-purpose only; (b) authorisation granted by the Macao Government Tourism Office which allows it 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; (iii) the 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; and (iv) sponsorship of singing concerts and cooperation with organisers of singing concerts.

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

PROSPECTS

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

During the year ended 31 December 2021, the Group's business and financial performance had been significantly and adversely affected by the Pandemic, as a result of the travel restrictions in Macau, the PRC, Hong Kong and overseas markets. Despite the Pandemic is still on-going globally and might continuously affect the business and financial performance of the Group, with the control of the Pandemic in the PRC since the second quarter of 2020, the Macau government gradually opens up the border between the PRC and Macau in 2021. The Directors expected the gradual relaxation of the travel restrictions in the future will be able to increase the number of visitors going to Macau and hence enable the Group to improve the business of the Group gradually. The Directors will continue to closely monitor the Group's exposure to the above.

Management Discussion and Analysis

Despite the uncertain business environment, the Group will continue to explore new hotel operations with attractive terms, so that it could capture market rebound once the market conditions improve. In addition, the Group will continue to scrutinise the business environment, and will implement the business strategies as stated in the Prospectus as and when appropriate and will continue to implement cost control measures until the market conditions improve.

On 17 June 2021, Ying Hai Hotel Management Limited ("**Ying Hai Hotel Management**"), an indirect wholly-owned subsidiary of the Company, as the service provider entered into an hotel management agreement (the "**Service Agreement**") with Waldo Hotel Limited ("**Waldo Hotel**"), Waldorf Holding Limited and Waldorf Realty Company Limited, pursuant to which the Ying Hai Hotel Management will provide management services to Waldo Hotel and all commercial space, business, tangible and intangible property in Waldo Hotel (except the casino) during the period from 17 June 2021 to 26 June 2024.

Upon entering into the Service Agreement, the Group would be able to exclusively control the hotel rooms available at Waldo Hotel, as well as the pricing of the hotel rooms at Waldo Hotel, so as to secure the source of hotel rooms available for distribution and sale by the Group. The Service Agreement is also expected to generate a stable income to the Group for its hotel management services. For further infomration in relation to the Service Agreement, please refer to the voluntary announcement of the Company dated 17 June 2021.

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

FINANCIAL REVIEW

Revenue

The Group's revenue decreased significantly by approximately 27.4% from approximately HK$20.1 million for the year ended 31 December 2020 to approximately HK$14.6 million for the year ended 31 December 2021. The significant decrease in revenue was mainly attributable to the decrease in revenue generated from the sales and distribution of hotel rooms, which was mainly due to the decrease in demand for hotel rooms in Macau caused by the outbreak of the Pandemic since early 2020 and the continued or tightened implementation of travel restrictions imposed by the governments of Macau, the PRC, Hong Kong and other countries in 2021.

Cost of sales

The Group's cost of sales mainly comprised (i) cost of hotel rooms; (ii) distribution service fees; and (iii) cost of car rental services. For the years ended 31 December 2020 and 2021, the cost of sales amounted to approximately HK$19.0 million and HK$8.3 million, respectively, representing a decrease of approximately 56.3% during the period as compared to that of the previous period. Such decrease was mainly driven by the decrease in sales from the sales and distribution of hotel rooms and the provision of car rental services.

Gross profit

The Group's gross profit for the year ended 31 December 2021 amounted to approximately HK$6.4 million, representing an increase of approximately 481.8% as compared to approximately HK$1.1 million for the year ended 31 December 2020. The increase in gross profit was mainly attributable to the revenue arising from concert business.

Other income and gains

The Group's other income and gains decreased from approximately HK$3.3 million for the year ended 31 December 2020 to approximately HK$1.9 million for the year ended 31 December 2021. The decrease in other income and gains was mainly due to the decrease in interest income during the year ended 31 December 2021.

Administrative expenses

The Group's administrative expenses mainly comprised employee benefits expenses, depreciation expenses, rental and related expenses, office expenses, motor vehicle expenses, professional fees and advertising and promotion expenses. The Group's administrative expenses remained stable at approximately HK$22.7 million and HK$22.8 million for the years ended 31 December 2020 and 2021, respectively.

Income tax credits/(expenses)

The Group has income tax credits for the year ended 31 December 2021 of approximately HK$0.3 million as compared to income tax expenses approximately HK$0.1 million for the year ended 31 December 2020, mainly because over provision of tax of Macau Companies in prior years.

Finance costs

The Group's finance costs increased from approximately HK$0.2 million for the year ended 31 December 2020 to approximately HK$0.5 million for the year ended 31 December 2021. The increase in finance costs was mainly attributable to the increase in the interest expenses on bank borrowing and lease liabilities during the year ended 31 December 2021.

Loss for the year

The Group recorded losses slightly reduced from approximately HK$25.5 million to approximately HK$24.9 million for the year ended 31 December 2020 and 2021, respectively.

Management Discussion and Analysis

Use of net proceeds from the Listing

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

	Adjusted use of Net Proceeds as stated in the Announcement (HK$'000)	Actual amount of Net Proceeds utilised from the Listing Date to 31 December 2021 (HK$'000)	The amount of Net Proceeds utilised during the year ended 31 December 2021 (HK"000)	Unutilised amount out of the Net Proceeds as at 31 December 2021 (HK$'000)	Expected timeline for the intended Use of the Net proceeds (HK$'000)
Expansion of car fleet	3,965	3,965	—	—	—
Cooperate with more hotel operators	6,480	2,286	2,286	4,194	December 2022
Increase our marketing and expansion of our sales channel	2,319	2,319	—	—	—
Improve the efficiency of our operation	1,485	1,485	—	—	—
Expand our workforce	824	824	—	—	—
General working capital	1,080	1,080	660	—	—
Cooperating with the organizer of singing concerts	22,186	22,186	22,186	—	—
Expansion of tourism business to the PRC	957	957	957	—	—
Total	39,296	35,102	26,089	4,194	

As disclosed in the Announcement, in view of the adverse impact of the Pandemic on the Group's business, the Board resolved to adjust the business strategies in order to diversify business operation risk and to cope with the economic uncertainty in the future, the Board resolved to re-allocate the unutilised Net Proceeds from the Listing as to approximately HK$22.2 million to cooperating with organisers of signing concerts and as to approximately HK$1.0 million to expansion of tourism business to the PRC. For further details in relation to the reallocation of the intended use of the Net Proceeds, please refer to the Announcement. The Group originally plans to utilise the unutilised proceeds from the listing by 31 December 2021. However, due to the continuous negative effects of the Pandemic, the revenue of the travel business of the Group during the year remains significantly lower than that of the level before the outbreak of the Pandemic. As such, the Board considers utilising the proceeds in a postponed schedule would be in the interest of the Company. The Group intends to utilise the unutilised proceeds from the listing as soon as practicable by 31 December 2022. All the unutilised balances have been placed as interest bearing deposits with licensed banks in Macau.

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 and the Announcement	Actual business progress up to date of this report
Expand our car fleet	Up to the date of this report, the Group has purchased 11 new motor vehicles for the provision of point-to-point cross-border transportation services and car rental services in Macau. We will consider market demand in Macau to adjust the progress of our expansion plan of car fleet.
Cooperate with more hotel operators	We are in the progress of identifying popular and quality hotels to cooperate with, subject to the control of the Pandemic.
Cooperating with the organiser of singing concerts	Reference has been disclosed in the Announcement, we will cooperate with the organiser of singing concerts by sponsoring singing concerts held in the PRC and Macau of well-known stars and artists, subject to market demand in both the PRC and Macau and the development of the Pandemic.
Expansion of tourism business to the PRC	Reference has been disclosed in the Announcement, the Group plans to expand its tourism business to the PRC in order to diversify its business. The Group has been acquiring a travel agency company in the PRC.

Principal risks and uncertainties in achieving our business strategies

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

(1) The Pandemic has severely affected the travel and tourism industry of Macau after the imposition of the travel restrictions by the Macau government and sluggish consumers' sentiment. The Pandemic and travel restrictions in Macau, the PRC and Hong Kong may continue in the foreseeable future and remain uncertain and thus, the Group will strategically adhere to the business plan and will actively search for deals and other business opportunities to stabilise the impact of the Pandemic to the Group's business;

(2) The Group may fail to find hotel operators with attractive terms to cooperate with to achieve our expansion plans;

(3) When achieving our business plans, timing is of the essence. The Group may fail to grasp the business trend to determine the optimal time to enter the market or expand our new sales channel; and

(4) In an increasingly volatile and complex business environment, the Group may face change in consumer behaviour and high competition when we launch our business plan.

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

PRINCIPAL RISKS AND UNCERTAINTIES

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

1. The Group's business and operation may continue to be seriously affected by the Pandemic or other public health incident, which may cause lock-down, travel restrictions and suspension of work in Macau, the PRC, Hong Kong or elsewhere and closure of casinos in Macau. The number of tourists visiting Macau may continue to decrease or remain at low level for a prolonged period due to the Pandemic, travel restrictions and sluggish consumers' sentiment. The Pandemic may continue in the foreseeable future and measures of travel restrictions may be reintroduced or tightened, which may severely affect the travel and tourism industry of Macau and the business of the Group.

2. The Group's revenue was mainly derived from Macau and the Group's sales performance is susceptible to changes in Macau as well as the PRC policies and economic environment.

3. Customers may delay payment or default payment, yet the Group may be required to pay for the hotel rooms and the Group may bear the cost.

4. The Group's major suppliers might opt to deal with the Group's customers directly, alternatively the Group's travel agent customers may source hotel rooms from each other, thereby bypassing the Group.

5. Historically, the Group's revenue was generated from the sales and distribution of hotel rooms from certain hotel operators in Macau (the "**Hotel Operators**"), and the Group's business and results of operation may be adversely affected if (i) the Hotel Operators terminate or refuse to renew the relevant agreement or (ii) the renewed terms become less favourable to the Group.

6. The Group is committed to secure a guaranteed number of hotel rooms at pre-determined room rates with various hotels operators. The Group may suffer from a decrease in profits or record a loss from the sales and distribution of the guaranteed hotel rooms if the Group is unable to sell and distribute the hotel rooms at rates higher than its respective pre-determined room rates or if hotels operators reduce the number of hotel rooms sold to the Group.

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

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Saved as disclosed in this report, the Group did not have other plans for material investments and capital assets as at 31 December 2021.

LIQUIDITY AND FINANCIAL RESOURCES

Capital structure

There has been no material change in the share capital structure of the Company during 31 December 2021.

Cash position

As at 31 December 2021, the cash and cash equivalents and bank deposits with maturity dates over three months (the "**Total Bank Balances**") amounted to approximately of HK$13.9 million (as at 31 December 2020: HK$55.0 million). The decrease was mainly resulted from (i) purchase of property, plant and equipment of approximately HK$7.0 million; (ii) sponsoring of approximately HK$22.8 million for cooperating with the organiser of singing concerts held in the PRC of well-known stars and artists (details was set out in the Company's announcement dated 3 May 2021); and (iii) supporting the Group's daily business operations during the period under the impact of the Pandemic. Among the Total Bank Balances of HK$13.9 million as at 31 December 2021:

1. approximately of HK$8.9 million (as at 31 December 2020: approximately of HKD24.2 million) represented cash and cash equivalents of the Group; and

2. approximately HK$5.0 million (as at 31 December 2020: approximately HK$30.8 million) represented bank deposits with maturity dates over three months of the Group, which were placed in a bank to secure general banking facilities in support of guarantees in favour of the suppliers of the Group and to the Macau government to obtain travel agent licence in Macau. The decrease was mainly attributable to certain bank deposits with maturity dates over three months being transferred to the cash and cash equivalent.

Borrowings and lease liabilities

As at 31 December 2021, the total borrowings and lease liabilities of the Group, all of which were denominated in Hong Kong dollars, amounted to approximately HK$10.3 million (as at 31 December 2020: approximately HK$14.3 million) and outstanding committed banking facilities amounted to approximately HK$6.9 million (as at 31 December 2020: approximately HK$9.6 million). In particular:

1. approximately HK$6.9 million (as at 31 December 2020: HK$ 9.6 million) represented the bank borrowings which beared a fixed rate ranging from 2.5% to 4% per annum as at 31 December 2021 (as at 31 December 2020: from 2.5% to 4% per annum). The bank borrowings with carrying amount of approximately HK$2.0 million as at 31 December 2021 (as at 31 December 2020: approximately HK$2.1 million) were secured by properties included in the property, plant and equipment with net carrying amount of approximately HK$2.9 million as at 31 December 2021 (as at 31 December 2020: approximately HK$3.0 million); and

2. approximately HK$ 3.4 million (as at 31 December 2020: approximately HK$4.7 million) represented lease liabilities of the leases available for use by the Group, carrying an interest rate ranging from 4.3% to 6.6% per annum (as at 31 December 2020: ranging from 2.8% to 5.7% per annum).

Pledge of assets

As at 31 December 2021, the Group's bank deposits with maturity dates over three months with amount of approximately HK$4.9 million (as at 31 December 2020: approximately HK$5.0 million), have been pledged to secure general banking facilities granted to the Group and guarantees issued to the suppliers of the Group as general trade deposits and to the Macau government to obtain travel agent licence in Macau.

As at 31 December 2021, the Group's has pledged properties with carry amount of approximately HK$2.9 million (as at 31 December 2020: approximately HK$3.0 million) to secure bank borrowings with carrying amounts of approximately HK$2.0 million (as at 31 December 2020: approximately HK$2.1 million). The properties are the carparking space that located in Macau.

Gearing ratio

As at 31 December 2021, the gearing ratio of the Group was approximately 21.3% (as at 31 December 2020: approximately 19.7%). The gearing ratio is calculated based on the bank borrowings, bank overdrafts and lease liabilities divided by the equity attributable to owners of the Company at the end of the respective year.

DIVIDEND

The Directors did not recommend the payment of a final dividend for the year ended 31 December 2021 (for the year ended 31 December 2020: Nil).

COMMITMENTS

As at 31 December 2021, the Group had capital commitment of approximately HK$0.8 million (as at 31 December 2020: approximately HK$1.1 million) in respect of the acquisition of property, plant and equipment contracted for but not provided in this report.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES

On 24 August 2021, the Company (through a nominee) entered into the equity transfer agreements for the acquisition (the "**Acquisition**") of the entire equity interest of Zhuhai Huanya International Tourism Co., Ltd.* (珠海環亞國際旅行社有限公司) (the "**Target Company**"), a company established under the law of the PRC which engages in travel agency business in the PRC, from two PRC individuals, who are independent third parties of the Company, at an aggregate purchase price of RMB1,551,641 (equivalent to approximately HK$1,861,969). Upon completion of the Acquisition, the Target Company became a wholly-owned subsidiary of the Company and the financial results of the Target Company were consolidated into the consolidated financial statements of the Company. As one or more of the applicable percentage ratios were more than 5% but less than 25%, the Acquisition was a discloseable transaction under Chapter 19 of the GEM Listing Rules. The Acquisition was completed in August 2021. The purchase price of the Target Company utilised the allocated portion of the Net Proceeds from the Listing and the Acquisition was for the purpose of expanding the tourism business of the Group to the PRC. For further information in relation to the Acquisition, please refer to the announcements of the Company dated 3 May 2021 and 7 June 2021 and the supplemental announcement dated 24 August 2021.

Save as disclosed above, there was no material acquisition or disposal of subsidiaries, associate companies or joint ventures during the year ended 31 December 2021 and up to the date of this report.

SIGNIFICANT INVESTMENTS HELD

Save as the Company's investment in various subsidiaries and an associated company, the Group did not hold any significant investments as at 31 December 2021.

CONTINGENT LIABILITIES

As at 31 December 2021, the Group had no significant contingent liabilities (as at 31 December 2020: Nil).

FOREIGN EXCHANGE EXPOSURE

The Group operates in Macau with majority of the transactions being settled in MOP and HK$. The Group is not exposed to material foreign exchange risk in respect of HK$ against MOP as the exchange rate of MOP is pegged against HK$. The Group considers that there is no significant foreign exchange risk exposed to by the Group in its operation. The Group did not enter into any hedging transactions and did not have any foreign exchange contracts, interest or currency swaps, other financial derivatives or any financial instruments for hedging purposes for the year ended 31 December 2021.

TREASURY AND RISK MANAGEMENT

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

As at 31 December 2021, the Group's credit risk is primarily attributable to trade receivables, deposits, bank deposits with original maturity over three months and bank balances and cash.

As at 31 December 2020 and 2021 respectively, 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 recognized 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 (2020: 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 (2020: ECL model). The management of the Group believes that there is no material credit risk inherent in the Group's outstanding balance of deposits.

Bank deposits with maturity dates over three months and 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 of banks was minimal.

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

LITIGATIONS

At 31 December 2021, 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.

EMPLOYEES AND REMUNERATION POLICY

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

As at 31 December 2021, the Group had a total of 54 employees (2020: 71 employees). The Group's staff costs, including Directors' emoluments, amounted to approximately HK$10.5 million for the year ended 31 December 2021 (2020: approximately HK$10.4 million). Directors' remuneration for the Year amounted to approximately HK$1.6 million (2020: approximately HK$2.2 million) which included remuneration of the independent non-executive Directors for a total amount of approximately HK$0.2 million (2020: approximately HK$0.3 million).

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group's business is subject to the relevant environmental laws and regulations of Macau. During the Year, the Group was not subject to any major environmental claims, lawsuits, penalties, administrative or disciplinary actions. For more information in the environmental policies of the Group, please refer to the environmental and social governance report to be published by the Group according to the GEM Listing Rules.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

During the Year and up to the date of this report, the Group has complied with all the relevant laws and regulations in Macau and Hong Kong in all material respects.

The Company has adopted the Corporate Governance Code (the "**CG Code**") as set out in Appendix 15 of the GEM Listing Rules. During the Year, the Board is of the opinion that the Company has complied with all the applicable code provisions set out in the CG Codes except for paragraph C.2.1 of the CG Code in relation to separation of the rate of chairman and chief executive officer. For further information in respect of the corporate governance of the Company during the Year, please refer to the corporate governance report in this annual report.

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

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

Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Choi Wai Chan (蔡偉振), aged 35, 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 39, 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 ten 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.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Sou Sio Kei (蘇兆基), aged 52, 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 18 years of experience in the legal field in Macau. Mr. Sou is a registered lawyer at the Macau Lawyers Association* (澳門律師公會) since May 2005. He is a founder/lawyer of the Sou Sio Kei Lawyers since July 2006. He was a member (secretary) of the General Meeting Board of the Macau Lawyers Association* (澳門律師公會會員大會主席團成員一秘書) and a member of the Macau Superior Council of Advocacy* (澳門律師業高等委員會委員), from 2019 to 2020 and 2015 to 2018, respectively. 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, and became a Macau Lawyers Association* (澳門律師公會) and International Dispute Resolution Academy accredited international mediator in July 2019. He was also appointed as a first term of arbitrator (five-year term) by the Zhuhai Court of International Arbitration (珠海國際仲裁院) in September 2021. Currently, he is a member of the Council of the Association of Agents of the Legal Area of Macau* (澳門法律工作者聯合會理事會理事) and a Deputy Director of the First Legal Committee of the Council for the Promotion of Guangdong-Hong Kong-Macao Cooperation* (廣東省粵港澳合作促進會第一屆法律專業委員會副主任).

Mr. Sou is a part-time lecturer of the Faculty of Law of the University of Macau and the Faculty of Law of the Macau University of Science and Technology, from March 2009 to August 2022 and January 2019 to June 2022, respectively.

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

Mr. Rodrigues Cesar Ernesto (施力濤), aged 42, 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. From July 2015 to September 2020, Mr. Rodrigues Cesar worked as a managing director at Speedy Consultancy Co. Ltd, engaging in providing consultancy services in licensing, immigration, event management, marketing and public relations. From May 2019 to September 2020, Mr. Rodrigues Cesar worked 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. From June 2019 to September 2020, Mr. Rodrigues worked as a director at Shuang Zuan Management Restaurant Company Limited, engaging in catering management.

Since February 2021, Mr. Rodrigues Cesar worked as Executive Director of Solutions Catering and Retail Management Co. Ltd., engaging in management of catering outlets and work as Executive Director of Solutions Consultancy Company limited, providing consultancy in Licensing and overseas immigration. Mr Rodrigues Cesar is also Vice President of Macau and Luso international Group Co. Ltd, engaging in import and export of Retailing products.

Mr. Rodrigues Cesar graduated from the University of Hertfordshire in the United Kingdom with a bachelor's degree in marketing in July 2004. In April 2020, Mr Rodrigues Cesar graduated from Buckinghamshire New University with Master degree of International Master of Business Administration. Mr. Rodrigues Cesar has been the vice president of the Inspirational Youth Association (勵志青年會) since July 2015.

Mr. Hu Chung Ming (胡宗明), aged 49, 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 20 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 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. From December 2010 to December 2020, Mr. Hu was 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. Zou Shuer (鄒舒爾), aged 32, 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 30, 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. From March 2021 to July 2021, she was the financial controller of WT Group Holdings Limited (stock code: 8422), a company listed on GEM of the Stock Exchange.

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICE

The Board recognises that transparency and accountability are the cornerstones of the Company's corporate governance. Therefore, the Company is committed to maintaining high standards of corporate government in order to uphold the transparency of the Group and safeguard interests of our shareholders. The Company has adopted the Corporate Governance Code (the "**CG Code**") as set out in Appendix 15 to the GEM Listing Rules. The references made to the CG Code in this report has been updated to the latest amendments to the Listing Rules effective on 1 January 2022. In the opinion of the Board, the Company has in all material respects complied with the CG Code for the year ended 30 June 2021, except for the deviations of paragraph C.2.1 of the CG Code, which is explained in the paragraph below.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Paragraph C.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 is the chairman and the chief executive officer of the Company. Considering that Mr. Choi Wai Chan has been operating and managing the Group since 2014 and his expertise in the travel industry, the Board believes that it is in the best interest of the Group to have Mr. Choi Wai Chan taking up both roles for effective management and business development. Therefore, the Board considers that the deviation from paragraph C.2.1 of the Code is appropriate in such circumstance and in the interest of the Company.

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 "**Model Code**"). The Company issued 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 confirmed that they have complied with the required standard of dealings and the Company's code of conduct regarding securities transactions by the Directors under the Model Code throughout the period under review. The Company was not aware of any non-compliance in respect of the Model Code throughout the year ended 31 December 2021.

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 2021, 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.

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 a minimum of three independent non-executive Directors which complies with Rule 5.05(1) of the GEM Listing Rules. One of the independent non-executive Directors has 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 the Company considers each of them to be independent under the independent guideline of Rule 5.09 of the GEM Listing Rules.

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 15 to 17 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.

TERM OF APPOINTMENT OF DIRECTORS

Each of the executive Directors has entered into a service agreement with the Company for an initial fixed term of three years commencing from the Listing Date. The term of service shall be renewed and extended automatically by three years on the expiry of such initial term and on the expiry of every successive period of three years thereafter, unless terminated by either party thereto giving at least three months' written notice before the expiry of the then existing term.

Each of the independent non-executive Directors has entered into an appointment letter with the Company for an initial fixed term of one year commencing from the Listing Date. The term of service shall be renewed and extended automatically by one year on the expiry of such initial term and on the expiry of every successive period of one year thereafter, unless terminated by either party thereto giving at least two months' written notice before the expiry of the then existing term.

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 paragraphs C.5.1 and C.5.3 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**").

During the year ended 31 December 2021, the Board convened a total of 8 meetings in person or by means of electronic communication and an annual general meeting was held on 7 May 2021 (the "**2021 AGM**"). Attendance of each Director at the Board meetings and 2021 AGM is set out below:

Name of Directors	Board Meeting Attended/Held	2020 AGM
Executive Directors		
Mr. Choi Wai Chan *(Chairman)*	8/8	1/1
Mr. Leong Tat Meng	8/8	1/1
Independent non-executive Directors		
Mr. Hu Chung Ming	8/8	1/1
Mr. Sou Sio Kei	8/8	1/1
Mr. Rodrigues Cesar Ernesto	8/8	1/1

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 5.28 to 5.33 of the GEM Listing Rules and paragraph D.3.3 and D.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.

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. During the year ended 31 December 2021, the Audit Committee convened four committee meetings. The Audit Committee had reviewed the Group's annual results for the year ended 31 December 2021, first quarterly results for the three-month period ended 31 March 2021, interim results for the six-month period ended 30 June 2021 and third quarterly results for the nine-month period ended 30 September 2021, discussed internal controls, risk management and financial reporting matters made recommendation on re-appointment of external auditor and reviewed the annual audit plan, scope of work and fee payable to the external auditor. Attendance of each Audit Committee member in four Audit Committee meetings is set out below:

Name of Directors	Audit Committee Meeting Attended/Held
Independent non-executive Directors	
Mr. Hu Chung Ming *(Chairman)*	5/5
Mr. Sou Sio Kei	5/5
Mr. Rodrigues Cesar Ernesto	5/5

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, 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 2021 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 E.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. Attendance of each Remuneration Committee member in the Remuneration Committee meeting is set out below:

Name of Directors	Remuneration Committee Meeting Attended/Held *(Note)*
Independent non-executive Directors	
Mr. Sou Sio Kei *(Chairman)*	1
Mr. Rodrigues Cesar Ernesto	1
Mr. Hu Chung Ming	1

During the year ended 31 December 2021, 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 performance of the Group in 2021.

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

REMUNERATION OF SENIOR MANAGEMENT BY BAND

Pursuant to paragraph E.1.5 of the CG Code, the remuneration of the members of Senior Management by band for the year ended 31 December 2021 is set out below:

Annual remuneration by band	Number of Members of senior management
HK$Nil to HK$1,000,000	2

NOMINATION COMMITTEE

The Company established the Nomination Committee on 3 September 2019 with written terms of reference in compliance with paragraph B.3.1 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. Attendance of each Nomination Committee member in the Nomination Committee meeting is set out below:

Name of Directors	Nomination Committee Meeting Attended/Held *(Note)*
Independent non-executive Directors	
Mr. Rodrigues Cesar Ernesto *(Chairman)*	1
Mr. Sou Sio Kei	1
Mr. Hu Chung Ming	1

During the year ended 31 December 2021, the Nomination Committee reviewed the board diversity policy and reviewed the independence of the independent non-executive Directors.

Nomination policy

The Company had 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. The Nomination Committee has been delegated with the overall responsibility for implementing monitoring and periodic review of the policy as follows:

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.

Appointment and Re-election of Directors

Each of the executive Directors has entered into a service agreement with the Company for an initial fixed term of three years commencing from the Listing Date. The term of service shall be renewed and extended automatically by three years on the expiry of such initial term and on the expiry of every successive period of three years thereafter, unless terminated by either party thereto giving at least six months' written notice before the expiry of the then existing term.

Each of the independent non-executive Directors has entered into an appointment letter with the Company for an initial fixed term of one year commencing from the Listing Date. The term of service shall be renewed and extended automatically by one year on the expiry of such initial term and on the expiry of every successive period of one year thereafter, unless terminated by either party thereto giving at least two months' written notice before the expiry of the then existing term.

The procedure and process of appointment, re-election and removal of Directors are laid down in the Articles. The Nomination Committee is responsible for reviewing Board composition, monitoring the appointment of Directors and assessing the independent non-executive Directors.

According to the Articles, one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election. The Company at the general meeting at which a Director retires may fill the vacated office. In addition, any Director appointed by the Board to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting. 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 the liabilities arising out of the legal action against the Directors in the course of their performance of directors' roles functions.

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.

Nomination of Directors by Shareholder

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.

Throughout the year ended 31 December 2021, the Company has three independent non-executive Directors which represent at least one-third of the Board members, and that at least one of the independent non-executive Directors, namely Mr. Hu Chung Ming, has appropriate professional qualifications or accounting or related financial management expertise. The Company has complied with Rules 5.05 and 5.05A of the GEM Listing Rules.

The independent non-executive Directors bring a wide spectrum of business and financial expertise, experience and independent judgment to the Board for its efficient and effective functioning. They are invited to serve on the Board committees of the Company. Through active participation at Board and Board committees meetings, taking the lead in managing issues involving potential conflict of interests, all independent non-executive Directors have made various contributions to the effective direction of the Company and provided adequate checks and balances to safeguard the interests of both the Group and the shareholders.

The Company has received written annual confirmation from each of the independent non-executive Directors of his independence pursuant to Rule 5.09 of the GEM Listing Rules. Upon the recommendation of the Nomination Committee, the Company considers all independent non-executive Directors to be independent in light of the independence guidelines set out in Rule 5.09 of the GEM Listing Rules.

DIVIDEND POLICY

As at the date of this report, the Board has adopted a dividend policy (the "**Dividend Policy**") in compliance with F.1.1 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.

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 paragraph C.1.4 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
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	✓

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 during the year ended 31 December 2021. 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 complied with during the Year.

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 2021, 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.

RESPONSIBILITIES, ACCOUNTABILITIES AND CONTRIBUTIONS OF THE BOARD AND MANAGEMENT

The Board is responsible for leadership and control of the Company and oversees the Group's businesses, strategic decisions and performance. The Board is also responsible for implementing policies in relation to financial matters, which include risk management and internal controls and compliance, if applicable. In addition, the Board reviews the financial performance of the Group, approves investment proposals, nomination of Directors to the Board and appointment of key management personnel. These functions are carried out either directly by the Board or through Board committees such as Audit Committee, Nomination Committee and Remuneration Committee.

All Directors are aware of their collective and individual responsibilities to the shareholders of the Company, the duties to act honestly and in good faith, in compliance with applicable laws and regulations and in the interests of the Company and its shareholders at all times and to avoid conflicts of interests. During the year ended 31 December 2021, in accordance with code provision D.1.2 of the CG Code, all Directors are provided with monthly updates on the Company's performance, position and prospect to enable the Board as a whole and each Director to discharge their duties.

All Directors have timely access to all relevant information as well as the advice and services of the company secretary and senior management, with a view to ensuring compliance with Board procedures and all applicable laws and regulations. Any Director may request for independent professional advice in appropriate circumstances at the Company's expenses, upon reasonable request made to the Board.

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 Audit Committee assists the Board in fulfilling its oversight and corporate roles in the Group's financial, operational, compliance, risk management and internal controls, while senior management designs, implements and monitors the risk management and internal control systems, and provides reports to the Board and the Audit Committee on the effectiveness of these systems.

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.

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. As review will be done by the Board on an annual basis. The systems are implemented to minimise 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 of the Group.

The Group has engaged CT Consultants Limited, external professional consultant, to conduct independent internal control review for the year ended 31 December 2021 and the review was completed on 31 March 2022.

During the year ended 31 December 2021, the Board considered the risk management and internal control systems of the Group to be effective and adequate. The Audit Committee has reviewed and is satisfied with the adequacy of resources, staff qualifications and experience of the Group's accounting and financial reporting function.

Although the Group does not have its own internal audit function, upon reviewing the internal control report prepared by the external internal review consultant, the Group maintained effective risk management and internal control in all material respects, and the Board of Directors was not aware of any significant or material defects in relation to the risk management and internal control. The Board of Directors has conducted a review of the effectiveness of the risk management and internal control systems of the Group and considered them effective and adequate.

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 2021 was approximately as follows:

Type of Services	Amount HK$'000
Audit services	600
Non-audit services	56
	656

COMPANY SECRETARY

Mr. Ng Shing Kin (吳成堅), aged 40, 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. Since March 2021 to July 2021, he was the company secretary of WT Group Holdings Limited (stock code: 8422), a company listed on GEM of the Stock Exchange.

During the year ended 31 December 2021, Mr. Ng had attended at least 15 hours of relevant professional training pursuant to Rule 5.15 of the GEM Listing Rules.

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.

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 meetingsof the Company are the primary communication forum between the Company and the shareholders. The Boardmembers, 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 during the year ended 31 December 2021.

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.

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 19th Floor, Three Exchange Square, 8 Connaught Place, 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 19th Floor, Three Exchange Square, 8 Connaught Place, 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.

Environmental, Social and Governance Report

OVERVIEW

Ying Hai Group Holdings Company Limited (the "**Company**"), together with its subsidiaries (collectively, the "**Group**") is pleased to present its third Environmental, Social and Governance ("**ESG**") report. This ESG report ("**ESG Report**") summarizes the key issues, challenges and performance in implementing our ESG initiatives and commitment to achieving sustainability during the reporting period starting from 1 January 2021 to 31 December 2021 ("**2021**" or "**2021 Reporting Period**").

The Group prepared this report in accordance with the ESG reporting guide ("**ESG Guide**") as stated in Appendix 20 of the Rules Governing the Listing of Securities on GEM of The Hong Kong Stock Exchange (the "**GEM Listing Rules**") and Guidance set out by the Hong Kong Stock Exchange ("**HKEX**") and its principles of materiality, quantitative, balance and consistency.

In 2021, the office of the Group located in Hong Kong was temporarily closed due to the COVID-19 pandemic and since the expiry of the tenancy lease, employees in Hong Kong worked remotely. For the Zhuhai site, the office is served as an administrative office with minimum operations, given the operational site is immaterial, it is not included in the ESG Report. Therefore, this report only covers the main operations and activities of the headquarters in Macau and the number of employees recorded in Hong Kong, unless otherwise stated. The ESG Report was compiled in compliance with the "comply or explain" provisions in the ESG Reporting Guide.

The ESG Report has been approved by the management and board of directors of the Group.

ESG SCOPE, OBJECTIVES AND STRATEGIES

We are a wholesale licensed travel agent and car rental services provider based in Macau. We offer a range of travel-related products and services including hotel rooms, car rental services and sales of air tickets and other ancillary travel-related products and services. We also provide vehicle rental services to individual and business customers. We are one of the two companies in Macau that are licensed to provide both travel agent services and self-drive rent-a-car services.

We derive our revenues from (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; and (iv) sponsorship of singing concerts held in Macau and cooperation with organisers of singing concerts.

The Group operates in strict compliance to the principles of minimising the risks associated with the listed ESG areas and aspects stipulated in the ESG Guide, including but not limited to the compliance with legal and regulatory requirements, adherence to high ethical standards, minimizing negative impacts on the environment, improving the well-being of the employees, enhancing the relationship with the business parties, offering highest possible level of services to our clients, creating value to the stakeholders, and supporting the disadvantaged and growth of the community. We uphold the importance of sustainability as one of the key driving forces to the growth of the Group and creation of value for our stakeholders. We believe that the listed ESG areas and aspects in the ESG Guide are significant considerations for our business planning and operations.

ESG APPROACH AND MANAGEMENT

Throughout the 2021 Reporting Period, the Group maintained the same ESG management structure and process as the last reporting period (from 1 January 2020 to 31 December 2020, "**2020**" or "**2020 Reporting Period**"). The board of directors (the "**Board**") of the Group is responsible for formulating and setting goals and targets, approving strategic direction and policies, and monitoring performance including ESG issues. The Board has delegated the chief executive officer (the "**CEO**") and his operation managers (collectively, the "**Management Team**") with the responsibility to formulate and implement policies and measures to all ESG related matters. The Management Team has thus committed company resources and instructed various departmental managers and subject matter working groups with the following responsibilities:

- Review and identify the environmental and social risks that may be materialistic to the Group's core business activities;
- Formulate, approve and implement ESG strategies and policies;
- Establish and designate ESG Key Performance Indices ("**KPIs**") to monitor the implementation of such ESG strategies and policies;
- Collect, analyze and compare such statistics to ESG KPIs;
- Evaluate and assess the overall performance of the ESG strategies and policies;
- Identify and determine the shortcomings and weaknesses in all ESG related matters;
- Device solutions and action plans to remedy weaknesses in implementation of ESG strategies and policies and revise ESG strategies or policies if necessary; and
- Consult with external stakeholders and independent professionals on ESG matters where internal subject matter leaders and resources cannot resolve weaknesses in ESG strategies and policies.

Changes in business operations, structures, technologies, laws and regulations, and the environment may drive changes to our ESG policies and practices. The Group undertakes and invests substantial resources to monitor ESG issues, policies and practices and performance on an ongoing basis. Furthermore, in order to contribute to the sustainable development of the environment and society at large, the Group exercises due responsibility in maintaining the highest level of ethical standards on conducting its business and uphold strict compliance with all relevant laws, rules and regulations in all ESG matters.

For 2021, the Group compiled the ESG KPIs for the third time, in which we have used the previous records as the basis for comparison to measure the related ESG areas and aspects.

STAKEHOLDERS COMMUNICATION AND MATERIALITY

Inputs and feedbacks from our stakeholders are critical to our operations and business activities. As such, we maintain regular reviews with internal and external stakeholders to listen to and collect their views and opinions regarding the Group's operations and performance. We value highly these views and opinions from stakeholders, and our Management Team will carry out materiality assessments internally with the related managers and externally with related stakeholders through meetings, contacts and various means of communication, such as liaison groups, panel discussions, workshops, on-site visits, company websites, emails and direct enquiry phones, etc. For 2021, the Group and the stakeholders have identified the following material areas and aspects:

- Environmental practices and their performance;
- Commitments to employees, engaging and retaining talents;
- Employees health and safety protection;
- Commitments to customers and building trusts through quality and reliability of services and products;
- Protection of customers privacy;
- Anti-corruption prevention; and
- Community support and contribution.

The above ESG material areas and aspects have continued to be strictly managed and monitored through the Group's established management structure, process, policies and guidelines as described in this ESG reporting and herein summarize in below:

THE GROUP'S ENVIRONMENTAL AND SOCIAL AREAS AND ASPECTS AND THEIR PERFORMANCE

A. ENVIRONMENTAL

1.1 Environmental Areas

Introduction & Policies

As one of the leading providers of travel and car rental services in Macau, the Group has always sought to operate in a responsible, transparent and sustainable way. The Group follows strictly all applicable environmental laws and regulations and has implemented the "Green Environmental Policies and Procedures", which aims at striking a delicate balance between achieving commercial returns and protecting the environment. The "Green Environmental Policies and Procedures" are summarized below:

Purpose

To establish and maintain procedures to assist on identifying, evaluating and determining the significances of environmental aspects for all work activities and its corresponding impacts.

Procedures

(i) The Management Team shall identify and evaluate the environmental aspects for all work activities that are most likely to give rise to significant environmental impacts.

(ii) The Management Team shall brainstorm internally and externally with other related parties and classify all the relevant work activities under normal or abnormal situation.

- Normal is defined as a routine activity or work that is carried out daily and is part of the process;
- Abnormal refers to unusual or non-routine work that should not happen but happen somehow; and
- Emergency refers to an occurrence of an event that will cause a drastic impact or severity to the environment and immediate action has to be taken, e.g. major leakage and spillage, fire, injury, etc.

(iii) When identifying the environmental aspects, consider the following where relevant:

- Hazardous or non-hazardous air emissions to the atmosphere;
- Polluted water discharging;
- Disposal of hazardous and non-hazardous wastes;
- Land contamination;
- Use of raw materials, energy, water and other natural resources; and
- Other local environmental issues such as noise or light pollution.

All activities likely to cause significant environmental impact shall be identified.

(iv) For each environmental aspect, the Management Team shall identify and assess the environmental impacts, in consideration of global warming, ozone layer depletion, air, water and soil pollution, and wastage of natural resources

The "Green Environmental Policies and Procedures" is in place to help us to achieve a balance between carrying out our business operations and activities and protecting the environment. The policies will guide us to prevent pollution, reduce wastes and minimize negative impacts on the environment. Successful implementation of these policies and procedures may reduce our use energy, water and other natural resources, which will result in savings in our operation costs.

1.2 Environmental Aspects

The Group generates revenues mostly from three main revenue streams in 2021. The first revenue stream derives from the wholesaling of hotel rooms. The second revenue stream comes from the sales of air tickets, shows and attraction tickets. The third revenue stream comes from providing car rental services to businesses and individual customers. While both wholesaling of hotel rooms and travel-related tickets do not produce, emit or discharge any serious hazardous gas, pollutants, polluted water and wastes, noise or light, it however generates greenhouse gas ("**GHG**") namely carbon dioxide ("**CO_2**") indirectly through the use of electricity. The provision of rental car services involves the use of a large fleet of vehicles and does directly produce and emit hazardous gas, pollutants and noise and non-hazardous GHG. As at the end of the 2021 Reporting Period, the Group owned and operated a total of 51 vehicles, including 8 coaches leased out to corporate customers and travel agencies. The fuel consumption and corresponding air emissions stated in Section A1(i) only covers the Group's internal usage. The offices in Macau consumed water for general living and hygiene purposes, and papers for printing purposes only.

A1. Emissions and Wastes

(i) Hazardous and Non-Hazardous Air Emissions

During the 2021 Reporting Period, as explained in the aforementioned "Overview" section, the Hong Kong office was temporary closed due to the COVID-19 pandemic and expiry of the tenancy lease. At the same time, the Group has moved their Macau offices to a smaller office.

On the other hand, the outbreak of COVID-19 pandemic has severely affected the travel and tourism industry of Macau due to travel restrictions imposed by the Macau government and sluggish consumers' sentiment. The pandemic may continue in the foreseeable future and remain uncertain. Affected by the COVID-19 pandemic, the Macau offices decided to reduce employees' working hours by 50% and implemented "days off rotating arrangement", of which employees in the Macau offices take unpaid leaves in turns, to reduce physical interactions amongst employees and so reducing the risk of spreading COVID-19 disease from April 2020 to August 2021 (the "**Special Work Arrangement**").

The daily usage of these vehicles mainly consume petrol, that emit hazardous air pollutants, such as sulphur oxides ("**SO_x**"), nitrogen oxides ("**NO_x**") and particulate matter ("**PM**"), and GHG, such as CO_2 and its non-hazardous equivalents including nitrous oxide ("**N_2O**") and methane ("**CH_4**") (collectively with CO_2, "**CO_2e**") directly, while the Group's offices and sale outlets in Macau generate emission of CO_2 indirectly through the consumption of electricity. CO_2 is the major contributor to global warming, which we have regarded as a materialistic aspect to monitor.

In 2021 Reporting Period, the Group's consumed a total of 6,304.48 litres of unleaded petrol for internal use, with a CO_2e intensity of 0.35 tonnes per employee in Macau. On the other hands, the Group's offices consumed a total of 22,360 kWh of electricity, an equivalent of 18.34 tonnes of CO_2 indirectly, with a CO_2e intensity of 0.37 tonnes per employee in Macau. The total CO_2e emissions amounted to 35.47 tonnes or 0.72 tonnes of CO_2e per employee.

The table below recorded and compared the 2021 Reporting Period and the 2020 Reporting Period's resultant total hazardous and non-hazardous emissions:

			Year ended 31 December		
Sources	**Emission KPIs[1]**	Unit	**2021**	2020	Changes
Unleaded Petrol For Internal Use	Nitrogen Oxide (NO_x)	Kilograms	**4.71**	4.45	+5.85%
	Sulphur Oxide (SO_x)	Kilograms	**0.09**	0.09	+5.85%
	Particulate Matter (PM)	Kilograms	**0.35**	0.33	+5.85%
	CO_2 in CO_2e	Tonnes	**17.13**	16.12	+6.27%
	Intensity - CO_2e/employee in Macau		**0.35**	0.24	+47.48%
Electricity	CO_2 in CO_2e[2]	Tonnes	**18.34**	22.22	-17.49%
	Intensity - CO_2e/employee in Macau		**0.37**	0.32	+15.69%
	- CO_2e/employee in Hong Kong		**N/A**	0.08	N/A
Total CO_2e Emission		**Tonnes**	**35.47**	38.34	-7.50%

Table 1: The Group's Total Hazardous and Non-Hazardous Emissions

Note 1: Emission factors for calculations in this ESG Report were made reference to the "How to prepare an ESG Report-Appendix 2: Reporting Guidance on Environmental KPIs (version updated on 28 May 2021)" by The Stock Exchange of Hong Kong Limited, unless otherwise specified.

Note 2: Emission factors for purchased electricity are based on data stated in "Sustainability Report 2020" published by Companhia de Electricidade de Macau.

Compared to the 2020 Reporting Period, there is a significant fall of electricity CO_2 emission of approximately 17.49% in Macau owing to the temporary closed of the Hong Kong office, the office relocation in Macau and the operation suspension in Macau's sale outlets since August 2021.

Air emissions and CO_2e are major contributors to climate change. The Group has been rigorously monitoring and reducing the air emissions and GHG emissions from its fleet of vehicles. Specifically, the Group will insist on purchasing environmental-friendly vehicles, apply high-quality preventive maintenance practices and use only high-quality fuel for its fleet of vehicles.

We target to lower the air emissions and CO_2e emissions by 2-3% for the coming year.

(ii) Water Pollution and Discharge

Fresh water is mainly used for daily cleaning and hygienic usage by our staff in our offices during the office hours and therefore, our operations and activities do not consume and generate much polluted water. Only our Macau headquarters have direct supply of fresh water, whereas, sale outlets are supplied through common amenities such as toilets and pantries in their respective leased office retail spaces. The fresh water used in our offices are provided and discharged through the respective centralized water supply and discharge network in each of our offices. Since the Macau offices is relocated, the water consumption fees are included in the office management fees, no water consumption data is compiled for the 2021 ESG Report.

(iii) Noise Pollution Emission

Operations and activities in our offices and sale outlets are in-office nature and do not generate any noise pollution. Our fleet of vehicles may generate a minimal level of noise during its operations. We apply the principle of preventive maintenance in the operations of our fleet and have been providing periodic maintenance to all our vehicles. The practice of preventive maintenance resulted in a fleet of mechanically strong vehicles for our customers and emit the least amount of emissions and noise in the environment.

In the coming years, we will provide trainings to our drivers and end-customers that use our vehicles to apply good driving and maintenance practices to further reduce the emission of noise to the environment.

(iv) Light Emission

The Group's business operations and activities do not generate any light pollution.

(v) Hazardous and Non-hazardous Wastes Discharge and Disposal

The Group's principal activities are mostly conducted in leased office and retail spaces that only produce non-hazardous wastes such as paper and office staples items. An insignificant amount of hazardous wastes such as printer toner cartridges, ink boxes and batteries are generated. They are collected regularly by qualified collectors who will dispose them in an environmental-friendly process. On the other hand, the fleet of vehicles we operate for rental purposes produce hazardous wastes, such as contaminated motors oil and depleted batteries.

Because of the proactive stance in maintaining our fleet of vehicles, we had only commissioned qualified vehicle service and repair facilities that complied with relevant environmental laws to provide maintenance services to our vehicles and dispose of or recycle all related hazardous materials during the 2021 Reporting Period. For the coming years, we will increase our efforts in choosing car-repair facilities that adopt the same high standards of social responsibility as ours and in monitoring the disposal of vehicular waste by requesting traceable disposal records.

For the 2021 Reporting Period, same as the 2020 Reporting Period, the Group did not have any cases of non-compliance or warning notices or fines or disputes in relation to hazardous and non-hazardous air emissions and wastes disposal, and polluted water discharges. For the paper usage, please refer to Section A2(iii).

(vi) Mitigation Measures and Reduction Initiatives

As a responsible corporation, we are conscious of the effects of our business operations and activities on the environment, especially concerning the usage of expanding fleet of vehicles. We will spare no efforts in adopting policies and actions to maximize the efficient use of energy and to minimize air emissions, waste generation, and related disposal and discharges. We fully comply with all applicable environmental laws, rules and regulations in the markets we operate in during the 2021 Reporting Period.

Specifically, we insist on purchasing environmental-friendly vehicles, use only high-quality fuel, apply high-quality preventive maintenance and hazardous wastes disposal practices, although these practices will result in higher costs for us. We also advocate and educate our office staff the importance of reducing electricity consumption and have introduced measures to ensure to that end. For example, we replace conventional lighting source with LED lighting and advise our staff to turn off all use of electricity when our offices are not in use, to use natural ventilation to replace air-conditioning in allowable conditions, and to set all indoor and in-vehicle' temperature to not lower than 25° C. The Group has also invested in energy saving tools and equipment such as energy-saving copiers and computers.

A2. Use of Resources

The Group is committed to becoming a resource-saving and environment- friendly enterprise and believes that this will not only promote a greener society but also will help us to realize savings in operating expenses. We practice the 3R principles: reduce, reuse and recycle in the daily use of resources in our business activities.

Our use of resources for 2021 were summarized below:

(i) Unleaded Petrol Fuel Consumption

In the 2021 Reporting Period, the Group consumed a total of 6,304.48 litres or 61,099.02 kWh of high-quality unleaded petrol fuel for internal use, with an intensity of 0.35 tonnes per employee in Macau (For 2020 Reporting Period: 5,956.24 litres or 57,724.10 kWh), which was approximately 5.85% higher than the 2020 Reporting Period. We plan to reduce the fuel consumption by at least 2-3% for the coming year with the following measures:

- Use only high-quality petrol fuel in our fleet of vehicles;
- Advise and train our drivers to avoid prolonged idling and reckless driving behaviors when using our vehicles;
- Setting the temperature at not lower than 25°C at all time;
- Implement mandatory maintenance schedule among all vehicles; and
- Explore the introduction of new-energy vehicles in our fleet, such as vehicles that have hydride, all-electric and fuel-cell powertrains.

(ii) Electricity Consumption

The table below recorded and compared the 2021 Reporting Period and the 2020 Reporting Period's resultant electricity consumption:

		Year ended 31 December		
Electricity Consumption by Operation	Unit	**2021**	2020	Changes
– Macau	kWh	**22,360.00**	24,908.00	-10.23%
– Hong Kong	kWh	**N/A**	281.00	N/A
Total	kWh	**22,360.00**	25,189.00	-11.23%
Intensity				
– kWh/employee in Macau		**456.33**	366.29	+24.58%
– kWh/employee in Hong Kong		**N/A**	93.67	N/A

Compared to the 2020 Reporting Period, the decrease in the total consumption of electricity in Macau during the 2021 Reporting Period was due to the temporary closed of the Hong Kong office, the office relocation in Macau and the operation suspension in Macau's sale outlets since August 2021.

For the coming year, we will continue to monitor our employees on energy saving practices, and target to lower the electricity consumption by 2-3% with the continuous application of energy-saving practices such as:

- Turn off electrical appliances and lights when not in use;
- Install and use energy-saving electrical appliances and lighting source; and
- Control heating and cooling devices with time and temperature controls.

(iii) Fresh Water Consumption and Sourcing

Our business activities do not use a large amount of fresh water. Water is mainly used for our employees' daily general cleaning and hygiene needs. All our offices use fresh water supplied from the cities' central water supply network and we do not have any problem on the sourcing of our water needs.

We regularly remind our employees to efficiently use fresh water and to avoid excessive usage of fresh water as it is one of the most important and scarce resources on our planet.

As explained in the aforementioned "Water Pollution and Discharge" section, the water consumption fees are included in the office management fees, we therefore do not compile the water consumption data. Nonetheless, we have continued to encourage employees to use fresh water wisely to conserve water.

(iv) Paper and Packaging Materials and Other Raw Materials Consumption

Apart from printing paper, the Group has no material consumption of packaging materials and other raw materials for ESG reporting purpose.

The table below recorded and compared the 2021 Reporting Period and the 2020 Reporting Period's resultant paper usage:

		Year ended 31 December		
Non-Hazardous Waste (Paper)	Unit	**2021**	2020	Changes
– Macau	Pieces	**80,510.00**	100,000.00	-19.49%
	Tonnes[3]	**0.05**	0.06	-19.49%

Note 3: Conversion factors for paper are based on data published by Conversion.org.

Compared to the 2020 Reporting Period, the decrease in the total usage in paper of approximately 19.49% in Macau office during the 2021 Reporting Period was due to the implementation of the Special Work Arrangement and decline in business transactions so reducing the number of invoices printed. The Group did not consume any significant amount of packaging materials in 2021.

For the coming year, we target to reduce the overall paper consumption by 2-3% among our offices by promoting the following measures:

- Minimise and avoid unnecessary printing and print on both sides;
- Apply employee-specific printing technologies so that we can identify sources of heavy printing and help to reduce;
- Promote the use of electronic documents including tickets for all ticket-related business, such as air flight, concerts, attractions and shows;
- Use recycled papers and reuse paper-made products such as envelops and folders;
- Replace the use of papers by sharing and storing information and documents in electronic formats and cloud servers; and
- Adopt company-wide cloud based working environment to reduce the need of printed documentation.

A3. The Environment and Natural Resources

Energy resources in forms of fossil fuels are essential for tourism and travel-related business. Different forms of fossil fuels, such as petrol fuel and aviation kerosene must be used in transporting tourists. The Group has always been committed to optimizing its uses of petrol fuel for its fleet of vehicles.

For the coming years, the Group will gradually introduce 'green' trips to its customers, such that shorter routing of trips and greener airplanes are to be suggested to customers. The Group continues to promote environmental education and advocacy amongst our employees to motivate environmental-friendly behaviours across our organization.

The management cogitates that resources conservation is a continuing practice which will benefit both the environment as well as our operations over time.

For the 2021 Reporting Period, the Group did not receive any warning or complaint notice from any governmental environmental agencies, clients or business partners that we violated any environmental rules and regulations, polluted the environment or caused any environmental troubles. We aim to achieve zero complaint on pollution issues for the coming years.

A4. Climate Change

Global warming is mainly caused by the excessive release of CO_2e into the atmosphere, which is direct and indirect the result of the uses of fossil fuels for transportation and electricity generation. After communication with the stakeholders and considering current global environmental conditions, the Management Team has identified that global warming and vehicular emissions are the two most significant climatic issues that may impact the Group. These two climatic issues do not only affect the environmental conditions at large, they will also affect the Group's operations.

In addition to complying with all applicable legislatures, laws and regulations in protecting the environment, the Group makes every effort to contribute to minimizing its impacts on climate change, especially when operating its fleet of vehicles. We have implemented policies and measures, as explained in prior sections, to use electricity efficiently in order to reduce our CO_2 emission. Furthermore, we support reforestation and the implementation of a paperless office to curb our contributions to global warming.

For the 2021 Reporting Period, the Group's business operations and activities did not lead or participate in any events or issues that might impact the climate or result in the change of the climate significantly. The Group also has already taken measures to lower indirect CO_2e emission consumption for the coming year.

B. SOCIAL

2.1 Social Areas

The Group aims at creating social values while maintaining profitability in a sustainable manner. In order to accomplish this, the Group upholds transparency and equality in communicating with its customers and all other stakeholders including employees, suppliers, investors, local communities and the government agencies. Moreover, when formulating and implementing our ESG strategies and policies, the Group incorporated not only its own long and short-term goals, but also with full consideration of major stakeholders and the society with the belief that this will ultimately benefit the stakeholders and the general society at large.

2.2 Employment and Labour Practices Areas and Aspects

As the travel industry is service oriented in which human capital is generally its largest asset, the management believes that a diverse, inclusive and equitable workforce will enhance the commitment, passion and communication skills when dealing with our customers. The Group had a total of 54 staff among its offices and sales outlets in Macau and Hong Kong at the end of the 2021 Reporting Period. In managing the hiring process, compensations and employees' rights, the Group complies strictly to all applicable laws, rules and regulations in all jurisdiction it operates including but not limited to the following:

Relevant Legislation	Nature of Legislation
Jurisdiction: Macau	
Law No. 4/98/M	Framework Law on Employment Policy and Worker's Rights
Law No. 7/2008	Labour Relations Law
Law No. 21/2009	Law on Employment of Non-Resident Workers
Jurisdiction: Hong Kong	
The Employment Ordinance (Chapter 57 of the Laws of Hong Kong)	Employment Framework and Employee Rights
The MPF Schemes Ordinance (Chapter 485 of the Laws of Hong Kong)	Mandatory Provident Fund

We have invested heavily to provide and maintain a safe, health and equitable working environment for our employees. We do not discriminate candidates and employees on basis of gender, age, marital status, ethnicity, sexual-orientation or religion.

In normal, all employees work on a 48-hour work schedule per week and, because of the nature of the travel industry, all employees work on a rotating schedule. However, affected by the COVID-19 pandemic, the Macau offices decided to reduce employees' working hours by 50% and implemented "days off rotating arrangement", of which employees in the Macau offices take unpaid leaves in turns, to reduce physical interactions amongst employees and so reducing the risk of spreading COVID-19 disease from April 2020 to August 2021.

All new employees receive an Employee Handbook which stipulates the basic code of conducts, terms and conditions of employment as well as employees' rights and statutory benefits including holidays and leaves, appraisal and promotion, insurance, confidentiality, etc.

B1. Employment

(i) Employment Mix

At the end of 2021, the Group employed a total of 54 employees in Macau and Hong Kong offices and sales outlets. The Group's employment mix had the following features:

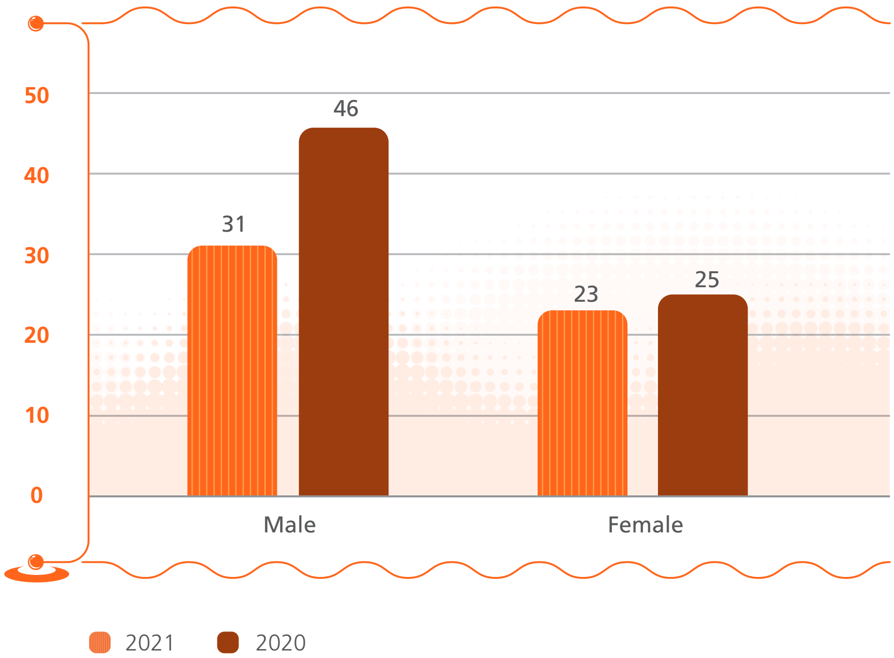

Figure 1: Number of Employee by Gender

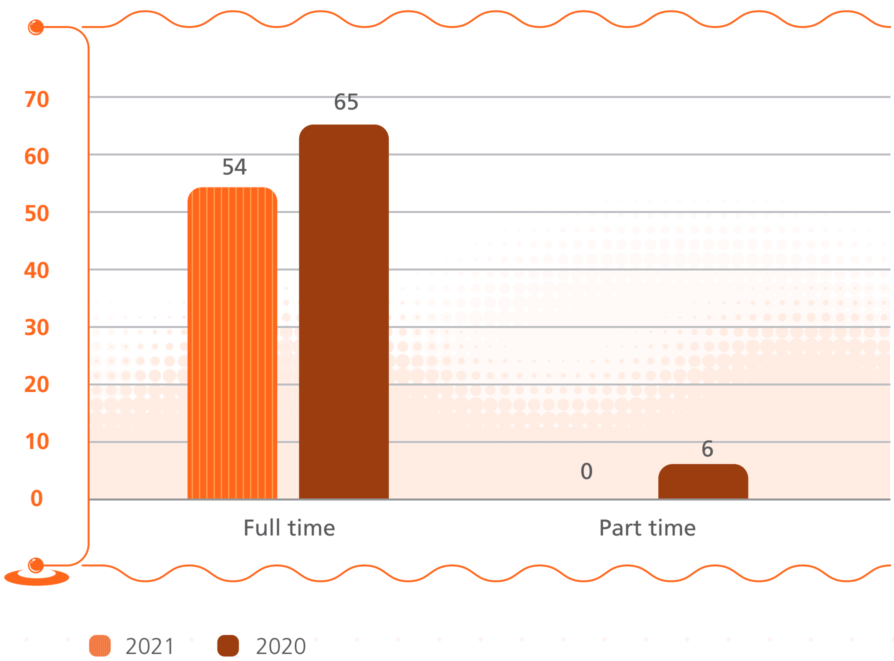

Figure 2: Number of Employee by Employment Type

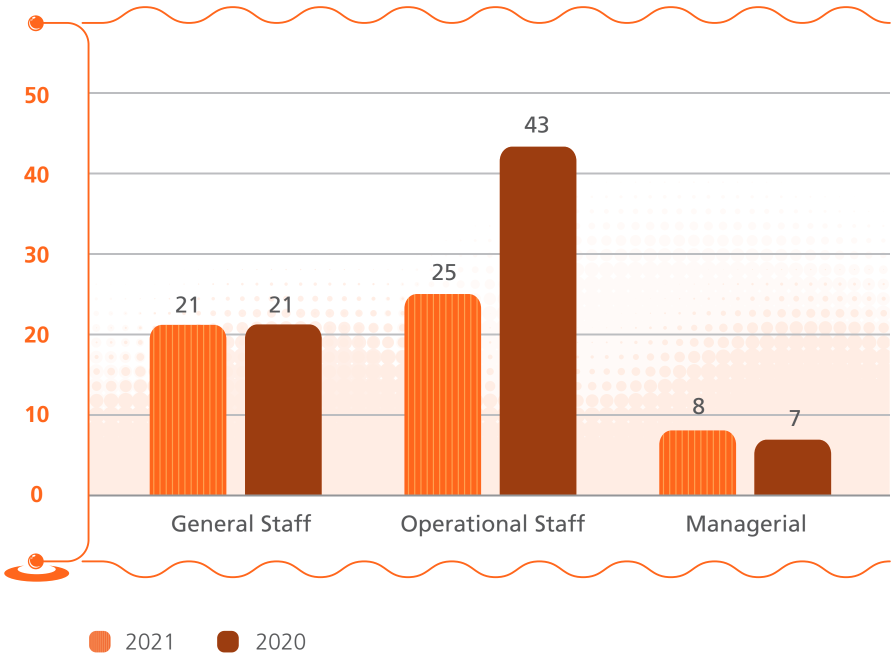

Figure 3: Number of Employee by Role

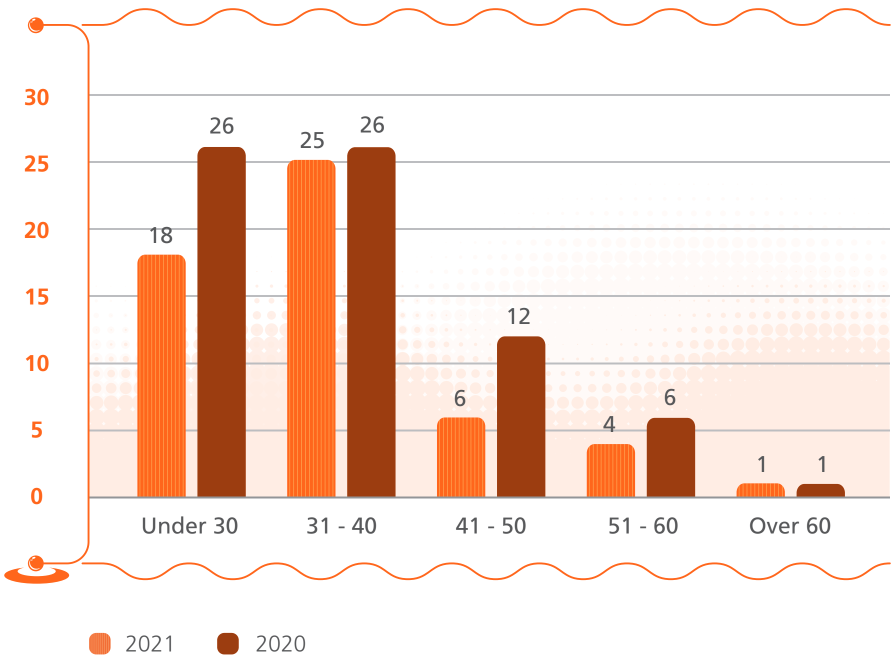

Figure 4: Number of Employee by Age

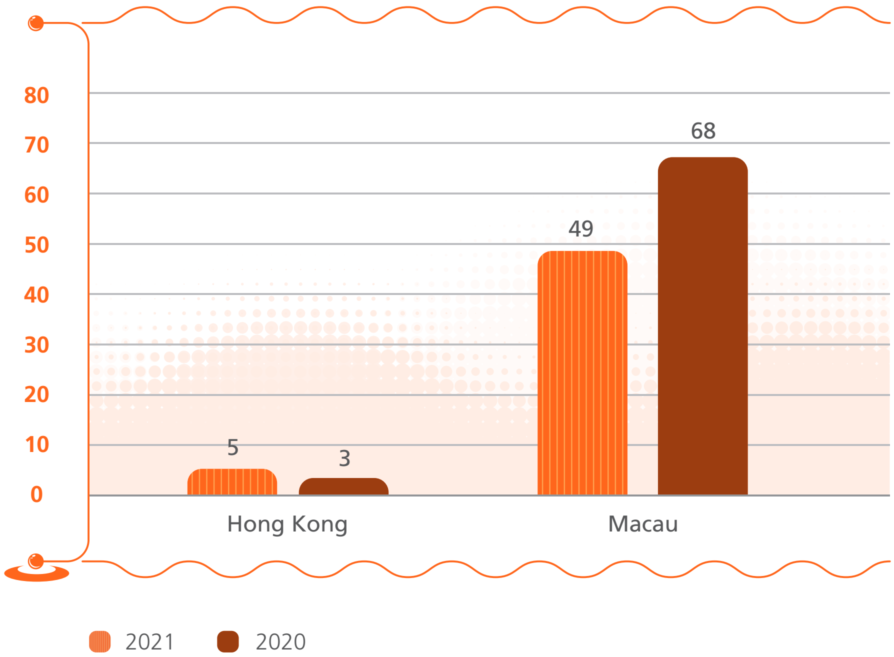

Figure 5: Number of Employee by Geographic Region

(ii) Employment Turnover

As at 31 December 2021, the Group had 26 employees whom voluntarily left for reasons such as career development and decline in tourism. Below is the breakdown of the employment turnover by gender, age group and geographic region:

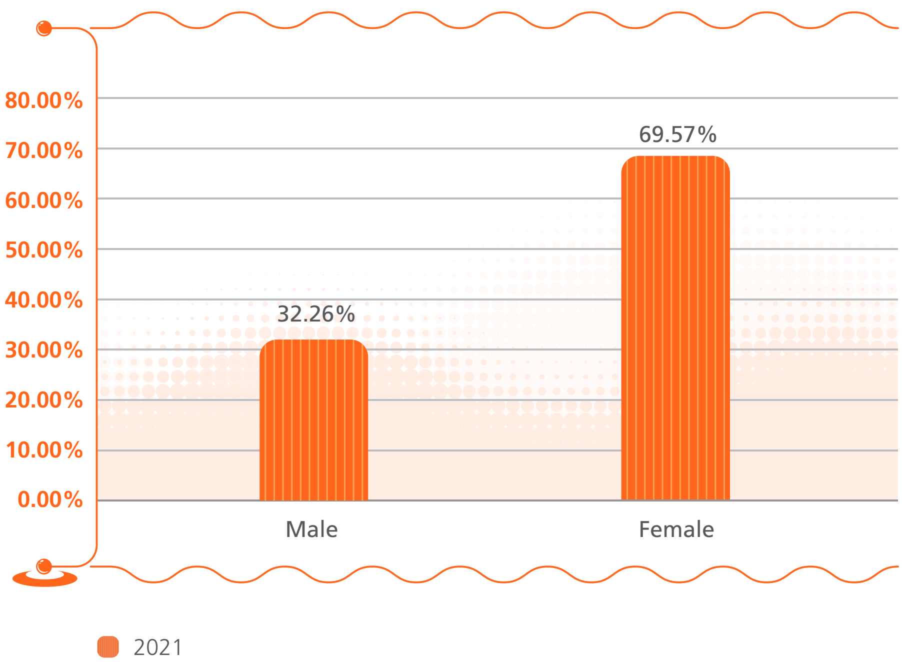

Figure 6: Employee Turnover Rate by Gender

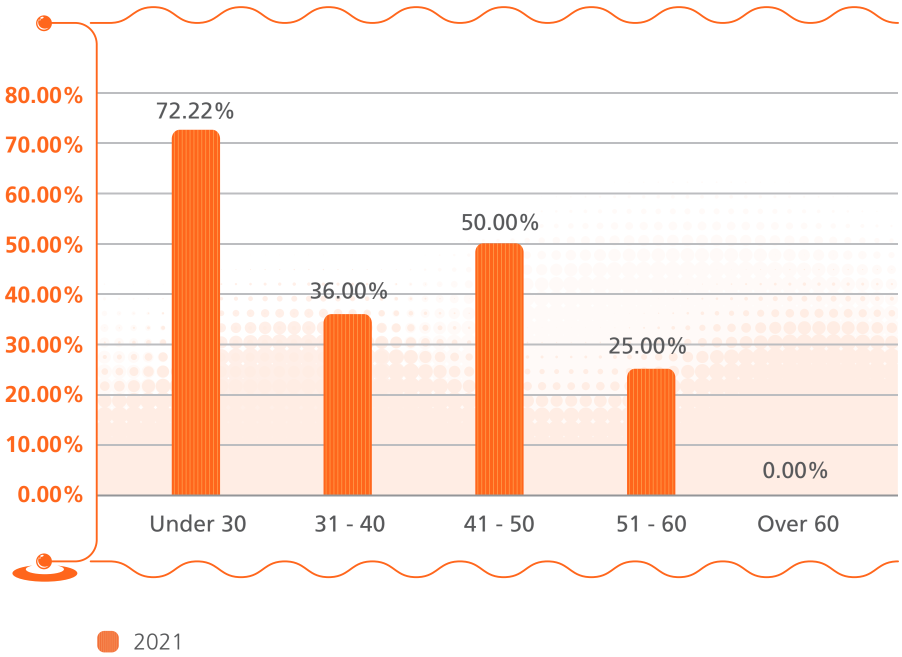

Figure 7: Employee Turnover Rate by Age

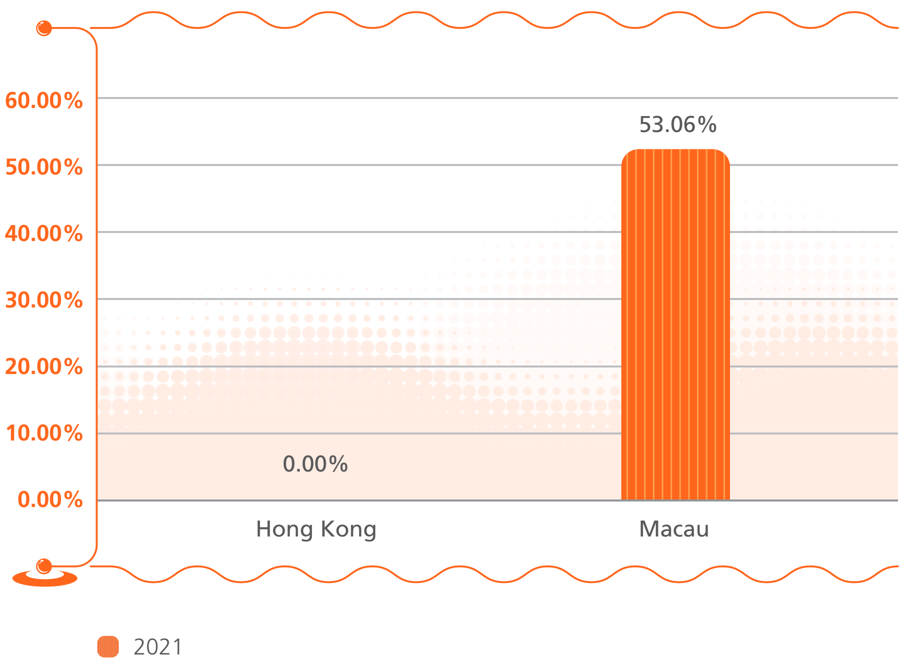

Figure 8: Employee Turnover Rate by Geographic Region

(iii) Employee Compensation & Package

The Group operates a number of offices and sales outlets in Macau and Hong Kong. It follows strictly respective laws, rules and regulations relating to employment and talent management in all jurisdictions that it operates including the Macau Labour Relations Law (Law 7/2008), Employment Ordinance (Chapter 57 of the Laws of Hong Kong), Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong). These laws and regulations set out the basic terms and parameters for the Group in setting policies regarding employees' rights, compensations and statutory benefits and entitlements such as MPF and other retirement contributions, holidays and leaves, health and accidental insurance.

The Group firmly believes that a well-balanced compensation policies and talent management is critical to a sustainable growth and to development of long-term competitiveness for the Group. In determining compensation and packages for employees, the Group considers employees' competency, qualifications, work experience and prevailing compensation benchmarks in the labour market. The management awards bonuses in amounts and at intervals on discretionary basis to outstanding employees based on their performance.

During the 2021 Reporting Period, the Group honored all its obligations with regards to paying the salaries and wages, statutory benefits and agreed benefits under the signed employment contracts. The Group received no complaints nor any dispute in relation to all aspects of employment and labour practices in 2021. The Group is confident to continuously attract competitive talents for the coming year.

B2. Health and Safety

Our business involves the operation of a fleet of vehicles, thus maintaining a safe and accident-free work environment is of utmost importance to our Company. We insist on selecting the most experienced drivers through a rigorous screening processes and provide our drivers with on-the-job training from highly regarded driving instructors.

The Group's Employee Handbook describes clearly the procedures for employees to adhere to when handling accidents. The Group complies strictly with all relevant laws, rules and regulations relating to safety and health requirements of Macau and Hong Kong including the Occupational Safety And Health Ordinance (Chapter 509 of the Laws of Hong Kong) and Employees Compensation Ordinance (Chapter 282 of the Laws of Hong Kong). In addition, the Group provides applicable statutory insurance coverage for qualified employees including social insurance, group health insurance and occupational accident insurance. These policies and insurance together form a worry-free environment for our employees.

The Group organizes regular on-the-job training for our employees to promote occupational safety and health in the workplace. The Group has also equipped all our vehicles and offices with all the necessary safety tools and equipment.

The Group had zero work-related fatalities in the past three years including the 2021 Reporting Period in any of our operations. Furthermore, during the 2021 Reporting Period, same as the 2020 Reporting Period, zero lost days due to work-related injuries was recorded, and the Group does not have any history of claim or dispute arising from health or safety matters. For the coming year, we will continuously monitor and audit our safety performance closely and are confidential to maintain zero-accident for all our business activities.

B3. Development and Training

The Group understands thoroughly, a well-trained workforce is vital to the Group's continuous business growth and success, therefore, the Group integrates on-the-job trainings to fortify employees' skills and capabilities from senior and more experienced staff. In addition, a few days of familiarization training program is given to all incoming staff, followed by an induction training during the 3 months' probation period. Employees are also encouraged to take external training programs relevant to their jobs and to enhance their professional skills. Employees are encouraged to make suggestions on training needs to the management. The management will review and approve all training suggestions. The Group's Human Resources department will help to organize all approved training and bear related costs.

The Group recognizes the need to introduce a proper and structured training and development program for its staff as it expands its business.

However, due to the widespread COVID-19 pandemic and to reduce physical interaction between employees, no training was provided during the 2021 Reporting Period. For the coming year, the Group will gradually implement structured training and development programs for its workforce depends on the local situation of the COVID-19 disease.

B4. Labour Standards

The Group is committed to total compliance with all applicable employment laws including the Employment Ordinance (Chapter 57 of the Laws of Hong Kong) and other related labour laws and regulations in Hong Kong, Macau and other operating regions to prohibit any child and forced labour employment. We do not employ any person below the age of eighteen years at any of our offices. We require all job applicants to provide valid identity documents to ensure that they are lawfully employable prior to confirmation of any employment to combat against illegal employment of child labour, underage workers and forced labour. The Group also monitors closely that no such violations exist in all offices and sales outlets and that all our suppliers are expected to follow the same standard of labour practices when working with us.

In 2021, the Group was not found in violation of any relevant laws and regulations in relation to the prevention of child and forced labour. For the coming year, we will maintain our zero tolerance policy to forced and child labour.

2.3 Operation Practices Areas & Aspects

B5. Supply Chain Management

The Group normally has 3 types of purchases: purchase of hotel rooms for wholesaling and retailing, purchase of cars to provide rental car services, and general office stationaries and utensils.

The first type is the Group's largest source of revenue. This business model is extremely price-sensitive to the price of hotel rooms. Most of the hotel rooms are purchased in bulks hotel rooms through purchase agreements with a limited number of hotels to drive down the costs of hotel rooms. To manage the purchase of hotel rooms, very structured purchase procedures were developed and adhered to in all hotel purchase situations which fall into three categories:

1. Purchase of Hotel Rooms under Guaranteed Room Agreement;

2. Purchase of Hotel Room under Allotment Agreement; and

3. Purchase of Hotel Room without Agreement.

These procedures were designed to assure supply of hotel rooms in lowest possible prices while maintaining a degree of flexibility to accommodate fluctuations in hotel room prices.

For the purchase of vehicles, which are major investments and fixed assets, the Group applies strict policies and procedures to monitor and control the entire vehicle purchase process. These policies and procedures identify clear responsibilities and approval authority for different value of vehicles to be purchased. For example, for vehicles valued below HKD10,000, the authority to approve rests with the Group's deputy general manager; while the purchase of vehicles above HKD10,000 in value requires the approval of the Group's CEO. Splitting of purchase into smaller purchase orders to bypass the approval limits is strictly prohibited.

The Group's deputy general manager is responsible for approval of all purchases of office stationeries and equipment.

Suppliers of services are selected on competitive basis. Prices, qualities and flexibility in payment terms are the main considerations. The Group keeps an approved supplier list which will be updated regularly.

To support the local community, the Group gives preferential status to local suppliers in sourcing its services and equipment. For 2021, nearly all its purchases of services, supplies and equipment were sourced from local suppliers or agents.

The Group will continuously monitor changes to its supply chain and make necessary adjustment if necessary, to ensure quality and competitive products and services are purchased.

B6. Product Responsibility

Being a major hotel room wholesaler, the Group is extremely conscious of the product quality and responsibilities stemming from the hotel rooms it wholesales and ultimately offered to end consumers. To ensure the quality of hotel rooms it wholesales, the Group selects hotels that are willing to agree to a Hotel Room Guarantee Agreement, which allows it to collect direct feedbacks from patrons of its hotel rooms to evaluate the experience of the hotel rooms and quality of hotel services such that consumers have a safe and pleasant stay.

For car rental business, the Group insists on hiring highly competent and experienced drivers and applies preventive maintenance to its fleet of vehicles. The group believes that well-experienced drivers and well-maintained vehicles together are the best assurance of safe and healthy service experiences for car rental customers. The Group from time to time collects feedback from its car rental customers to evaluate the condition of vehicles, as well as, the services quality of the drivers.

For the 2021 Reporting Period, same as the 2020 Reporting Period, the Group did not receive any quality complaints or claims against its products including hotel rooms and car rental services it offers. The Group will continue to provide and maintain top service quality to its clients in coming year.

Intellectual Property Rights

The Group aspires to protect its own Intellectual Property Rights ("**IP Rights**") and respects third party's IP Rights and strictly complies with all related applicable laws and regulations.

We registered six trademarks for its various platforms and travel-related services. We will constantly monitor the validity of these trademarks and shall take the necessary action to protect our IP Rights.

The Group's policy is to observe third party IP Rights, especially in computer software, and requires employees to purchase business software from the patent right holders or their authorized agents. No unauthorized software is allowed to be installed in company's computers or servers for uses.

For the 2021 Reporting Period, there was no infringement by third parties on our IP Rights or by ourselves to any IP Rights of third parties reported and the Group will continue to enforce our measures to maintain our clean record on intellectual property rights.

Privacy Protection

The Group is fully aware of its obligation to safeguard the large volumes of personal information it collects when conducting our business activities. Such kind of personal information is extremely sensitive and important, and by law must be kept confidential and be protected.

Strictest possible policies are applied to prevent our employees from accessing and/or disclosing any private and confidential information without approval from management. As clearly stated in the Employee handbook and relevant employment contracts, all employees are prohibited, whether during employment, or after, irrespective of the circumstances of termination, to disclose to any other person, firm, company, press, media, or trade association any confidential information of the Group's potential, actual or past customers. Employees are to return to the Group all private and confidential information they may hold upon their termination. The Group may take legal action against any privacy violation.

We have also implemented and enforced management rules on information technology covering protection procedures for information security, as well as, handling processes and application procedures. The Group applies the latest information technologies to continuously, where possible, monitor, maintain and update all hardware, software and security systems to prevent unauthorized access and hacking attacks to our information systems at any time.

In 2021, same as the 2020, we did not receive any case filed against us nor any complaints received, regarding any breach of relevant privacy laws, regulations and policies in any jurisdiction in which we operated. The Group will continue to implement measures to safeguard privacy and confidential information.

B7. Anti-Corruption

The Group recognizes its social responsibility to safeguard the assets and interests of all our stakeholders including investors. We operate with a high standard of ethnics, integrity and impartiality, and adopt a zero-tolerance approach to bribery, extortion fraud, and money laundering along with clear internal-control policies.

All our employees and suppliers must follow our strict but clear internal-control policies and well-structured business processes that are designed to prohibit bribery and corruption in any form. These policies have been effectively communicated to all staff and in all jurisdictions we operate. It is clearly stated in our employment contracts and Employee Handbook that all employees are prohibited to demand or accept any undue advantage (such as money, favours, gifts, discounts, services, loans, contracts etc.) from any person including the clients, contractors, suppliers, under any circumstances. Employees are not allowed to offer to any person including the clients, contractors, suppliers, under any circumstances, any undue advantage (such as money, favours, gifts, discounts, services, loans, contracts etc.) in order to obtain or retain business or other improper advantage.

Anti-corruption training is provided to employees in induction training, and senior management and directors are encouraged to attend special anti-corruption courses organized professional bodies such as the HKEx.

During the 2021 Reporting Period, same as the 2020 Reporting Period, the Group did not have any bribery or corruption cases reported. The Group will monitor closely making sure that no bribery or corruption cases will happen in the coming years.

B8. Community Investment

The Group strives to implement corporate social responsibility and actively participates in public welfare activities and will consider formulating formal policies on community engagement in the future. The Group has implemented measures with an objective to reduce hazardous and non-hazardous air emissions and wastes discharges and continues to find ways and to implement measures to reduce air emissions and wastes discharge. Furthermore, the Group supported the local communities by prioritising its purchases with the local suppliers and sponsoring the employees to participate in the volunteering and charity events. The Group continues to encourage and educate all our employees to adopt green practices and to participate in environmental protection activities.

During the 2021 Reporting Period, same as the 2020 Reporting Period, the Group has participated and donated more than HK$19,000 through the Macau Walk for Millions.

Report of Directors

The Directors are pleased to present the Directors' report together with the audited consolidated financial statements of the Group for the year ended 31 December 2021.

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 2021 are set out in the consolidated statement of profit or loss and other comprehensive income on page 70.

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2021 (2020: 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 6 to 9, page 10, page 10 and page 5 to 6 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.

COMPLIANCE WITH THE LAWS AND REGULATIONS

The Group recognises the importance of compliance with regulatory requirements and the risks of non-compliance with the applicable laws and regulations. During the year and up to the date of this annual report, the Group in all material aspects has complied with the relevant laws and regulations that have a significant impact on the business and operations of the Group.

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 2021, 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 32 to the consolidated financial statements. None of these transactions with the related parties of the Group carried out during the year under review constituted non-exempted connected transactions or continuing connected transactions under Chapter 20 of the GEM Listing Rules, which requires disclosure in the annual report.

CONNECTED TRANSACTIONS

During the year ended 31 December 2021, the Group did not enter into any connected transactions or continuing connected transactions under Chapter 20 of the GEM Listing Rules which requires disclosure in the annual report.

DONATIONS

Donations of approximately HK$19,000 had been made by the Group for the year ended 31 December 2021 (2020: approximately HK$19,000).

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.

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 73 and note 30 to the consolidated financial statements, respectively.

DISTRIBUTABLE RESERVES

There are no distributable reserves of the Company as at 31 December 2021, calculated under Part 6 of the Companies Ordinance (Cap.622) (2020: 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 2021, the Group had 54 employees (at 31 December 2020: 71 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.

MANAGEMENT CONTRACTS

There was no contracts concerning the management or administration of the whole or any substantial part of the business of the Company which was entered into or existed during 31 December 2021.

FINANCIAL SUMMARY

A summary of the Group's results and financial position is set out on page 140 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.

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 according to the requirement of the GEM Listing Rules.

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.

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.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Group has adopted the required standard of dealing, as set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct for securities transactions by the Directors in respect of the Shares. Having made specific enquiry with all the Directors, all Directors have confirmed that they have complied with the required standard of dealing and the code of conduct for securities transactions by the Directors during the year ended 31 December 2021.

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 32 to the consolidated financial statements and the service contracts or letters of appointment, 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.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed elsewhere in this annual report, there were no transactions, arrangements or contracts of significance in relation to the business of the Group to which the Company, its holding Company, or any of its subsidiaries was a party and in which a Director of the Company or his connected entities had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year ended 31 December 2021.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year ended 31 December 2021 and up to the date of this annual report, none of the Directors or their close associates (as defined under the GEM Listing Rules) has any interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

The biographical details of the Directors and Senior Management of the Company are set out on pages 15 to 17 of this report.

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 2021, 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 2021, 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.

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 2021 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 *(note 1)*	900,000,000	75.0%
Ms. Wong Pui Keng	Interest of spouse *(note 2)*	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 2021, 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.

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 79.1% (2020: 69.2%) for the year ended 31 December 2021. The largest customer accounted for approximately 45.0% (2020: 31.2%) for the year ended 31 December 2021.

The Group's five largest suppliers in aggregate accounted for approximately 69.3% (2020: 74.6%) of the Group's total purchase for the year ended 31 December 2021. The largest supplier accounted for approximately 20.0% (2020: 28.4%) of the total purchase of the Group for the year ended 31 December 2021.

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 customers or 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 during the year ended 31 December 2021 and up 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 2021.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service agreement with the Company for an initial fixed term of three years commencing from the Listing Date. The term of service shall be renewed and extended automatically by three years on the expiry of such initial term and on the expiry of every successive period of three years thereafter, unless terminated by either party thereto giving at least three months' written notice before the expiry of the then existing term.

Each of the independent non-executive Directors has entered into an appointment letter with the Company for an initial fixed term of one year commencing from the Listing Date. The term of service shall be renewed and extended automatically by one year on the expiry of such initial term and on the expiry of every successive period of one year thereafter, unless terminated by either party thereto giving at least two months' written notice before the expiry of the then existing term.

There is no director's service contract with the Company or any of its subsidiary which is not determinable by the Company or its subsidiary within one year without payment of compensation (other than statutory compensation) as at 31 December 2021. For further information of the Directors' service contracts or letters of appointment, please refer to the paragraph headed "Appointment and Re-election of Directors" in the corporate governance report in this annual report.

INTEREST OF THE COMPLIANCE ADVISER

As notified by the Group's compliance adviser, Lego Corporate Finance Limited (the "**Compliance Adviser**"), as at 31 December 2021, 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.

RETIREMENT BENEFIT SCHEMES

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

The employees of the Group's subsidiaries which operate in Macau are required to participate in a pension scheme operated by the government. The Group's Macau subsidiaries are required to contribute a percentage of their payroll costs to the pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the pension scheme.

No forfeited contributions (by the Group on behalf of employees who leave the defined contribution plans prior to vesting fully in such contributions) can be used by the Group to reduce the existing level of contributions.

The total retirement benefit scheme contributions made by the Group amounted to approximately HK$0.5 million for the year ended 31 December 2021.

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.

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 Tuesday 3 May 2022, to Friday 6 May 2022, both dates inclusive, the period during which no transfer of the Shares will be registered. Shareholders are reminded to ensure that all completed Share transfer forms accompanied by the relevant Share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on 29 April 2022, Friday.

ANNUAL GENERAL MEETING

The annual general meeting for 2022 will be held on 6 May 2022. A notice of meeting together with the circular for the annual general meeting will be dispatched to the shareholders of the Company according to the articles of association of the Company and the GEM Listing Rules.

EVENT AFTER REPORTING PERIOD

Except for the disclosure in note 37 to the consolidated financial statements, the Group had no material events for disclosure subsequent to 31 December 2021 and up to the date of this annual report.

AUDITORS

The consolidated financial statements have been audited by HLB who will retire and, being eligible, offer themselves for reappointment at the 2022 annual general meeting. In the last three years preceding 31 December 2021, there has been no change in auditors of the Company.

AUDIT COMMITTEE

The Audit Committee has reviewed the accounting principles and policies adopted by the Group and discussed internal controls and financial reporting matters and the audited consolidated financial statements for the year ended 31 December 2021. The audit committee is of the opinion that the audited consolidated financial statements of the Group for the year ended 31 December 2021 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, 31 March 2022

Independent Auditors' Report

國衛會計師事務所有限公司
HODGSON IMPEY CHENG LIMITED

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 (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 70 to 139, which comprise the consolidated statement of financial position as at 31 December 2021, 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 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the HKICPA. Our responsibilities under those standards are further described in the 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 the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to Note 3 to the consolidated financial statements which indicates that the Group had net operating cash outflow as shown in the consolidated statement of cash flows of HK$10,452,000 and net loss HK$24,853,000 for the year ended 31 December 2021. The Group's business operation has been adversely affected by the continuous suspension due to the travel restrictions and quarantine measures implemented by the respective government under the COVID-19 pandemic. As stated in Note 3, these events or conditions, along with other matters as set forth in Note 3 to the consolidated financial statements indicate that a material uncertainty exists that may cast a significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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. In addition to the matters described in "Material Uncertainty Related to Going Concern" section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Independent Auditors' Report

Key audit matter	How our audit addressed the key audit matter
Impairment losses on non-current assets *Referred to notes 16, 17 and 18 to the consolidated financial statements* At 31 December 2021, the Group has gross carrying amount of non-current assets (i.e. property, plant and equipment, right-of-use assets and intangible assets) of approximately HK$21,151,000 and impairment losses of approximately HK$8,754,000 was recognised in profit or loss. Management performed periodic assessment on the recoverability of carrying amount of the non-current assets and the sufficiency of impairment losses based on information including internal assessment of the value-in-use of the non-current assets and also considered the estimated market value less related selling costs in order to estimate the impairment losses. We identified impairment losses on non-current assets as a key audit matter as it is quantitatively significant to the consolidated statements and has estimation uncertainty with significant involvement of management judgement involved in estimating the recoverable amount of the non-current assets.	Our audit procedures in relation to impairment losses recognised in respect of non-current assets include but not limited to: • understanding the controls over the recognition process of impairment losses on non-current assets and the process of management's forecast; • inquiring of management on their identification of impairment indicators and their method used for assessing the impairment losses recognised on the non-current assets; and • assessing the appropriateness of the valuation methodology and assumption used by comparing to historical performance and relevant operation plans to determine the impairment losses. We found management's assessments for impairment losses on non-current assets were supportable by available evidence.

Key audit matter	How our audit addressed the key audit matter
Fair value assessment in respect of financial assets at fair value through profit or loss *Referred to notes 5 and 23 to the consolidated financial statements*	
At 31 December 2021, the Group has financial assets at fair value through profit or loss of approximately HK$26,243,000, representing an investment in sponsorship for cooperating concerts which entitles the Group, among others, the rights to share the net profit or loss of the respective concerts attributable to the Group as stipulated in the investment agreement. We identified the financial assets at fair value through profit or loss as a key audit matter due to the significant involvement of management judgements and estimation uncertainty in the fair value measurement.	Our audit procedures in relation to assess the fair value of financial assets at fair value through profit of loss include but not limited to: d • obtaining and the understanding the Group's process regarding the determination of fair value of the investment; • assessing the appropriateness of the valuation methodologies and assumptions used in determining the fair value of the investment, with the assistance of independent qualified valuer; • assessing the qualification and experience of the independent valuer; and • inquiring of management for the status of organising the concerts and corroborating explanations from management with supporting evidence. We found management's assessments for financial assets at fair value through profit or loss were supportable by 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.

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 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 scepticism throughout the audit. We also:

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

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

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

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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.

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

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

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

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

From the matters communicated with the 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 the independent auditors' report is Shek Lui.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Shek Lui
Practising Certificate Number: P05895

Hong Kong, 31 March 2022

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2021

	Notes	2021 HK$'000	2020 HK$'000
Revenue	7	**14,621**	20,114
Cost of sales		**(8,260)**	(19,032)
Gross profit		**6,361**	1,082
Other income and gains	9	**1,941**	3,289
Administrative expenses		**(22,824)**	(22,748)
Impairment loss recognised under ECL model, net of reversal		**270**	(4,366)
Impairment loss recognised in respect of right-of-use assets		**(3,265)**	(1,832)
Impairment loss recognised in respect of investment in an associate		**(1,247)**	(445)
Impairment loss recognised in respect of intangible assets		**(1,782)**	—
Impairment loss recognised in respect of property, plant and equipment		**(3,707)**	—
Loss from operations		**(24,253)**	(25,020)
Share result of associate		**(346)**	(124)
Finance costs	10	**(513)**	(216)
Loss before tax	11	**(25,112)**	(25,360)
Income tax credits/(expense)	13	**259**	(112)
Loss for the year		**(24,853)**	(25,472)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of foreign operations:		**212**	136
		212	136
Total comprehensive loss for the year		**(24,641)**	(25,336)
Loss for the year attributable to owner of the Company		**(24,853)**	(25,472)
Total comprehensive loss for the year attributable to owner of the Company		**(24,641)**	(25,336)
Loss per share			
Basic and diluted	15	**(2.07) cents**	(2.12) cents

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

Consolidated Statement of Financial Position

As at 31 December 2021

	Notes	2021 HK$'000	2020 HK$'000
Non-current assets			
Property, plant and equipment	16	**12,397**	14,463
Right-of-use assets	17	**—**	3,906
Intangible assets	18	**—**	1,167
Investment in an associate	19	**—**	1,593
Equity instrument at fair value through other comprehensive income ("**FVTOCI**")	20	**—**	243
Deposits paid and prepayments	22	**2,266**	3,246
		14,663	24,618
Current assets			
Trade receivables	21	**2,170**	5,106
Deposits, prepayments and other receivables	22	**7,274**	8,149
Financial instrument at FVTPL		**26,243**	—
Bank deposits with original maturity over three months	24	**5,023**	30,792
Cash and cash equivalents	25	**8,873**	24,165
		49,583	68,212
Current liabilities			
Trade and other payables	26	**5,697**	5,323
Borrowings	27	**2,710**	2,707
Lease liabilities	17	**972**	1,600
Tax payables		**1**	260
		9,380	9,890
Net current assets		**40,203**	58,322
Total assets less current liabilities		**54,866**	82,940
Non-current liabilities			
Borrowings	27	**4,206**	6,916
Lease liabilities	17	**2,395**	3,118
		6,601	10,034

Consolidated Statement of Financial Position

As at 31 December 2021

	Notes	2021 HK$'000	2020 HK$'000
Net assets		**48,265**	72,906
Capital and reserves			
Share capital	28	**12,000**	12,000
Reserves		**36,265**	60,906
Total equity attributable to owners of the Company		**48,265**	72,906

The consolidated financial statements were approved and authorised for issue by the board of directors on 31 March 2022 and signed on its behalf by:

Choi Wai Chan	**Leong Tat Meng**
Director	*Director*

The accompany notes from an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2021

	Share capital HK$'000	Share premium HK$'000 *(Note (a))*	Merger reserve HK$'000 *(Note (b))*	Statutory reserve HK$'000 *(Note (c))*	Translation reserve HK$'000 *(Note (d))*	Retained earnings/ (accumulated losses) HK$'000	Total equity HK$'000
At 1 January 2020	12,000	50,302	3,011	801	(93)	32,221	98,242
Loss for the year	—	—	—	—	—	(25,472)	(25,472)
Other comprehensive income:							
Exchange differences arising from translation of financial statements	—	—	—	—	136	—	136
Total comprehensive income/(loss) for the year	—	—	—	—	136	(25,472)	(25,336)
At 31 December 2020 and at 1 January 2021	**12,000**	**50,302**	**3,011**	**801**	**43**	**6,749**	**72,906**
Loss for the year	**—**	**—**	**—**	**—**	**—**	**(24,853)**	**(24,853)**
Other comprehensive income:							
Exchange differences arising from translation of financial statements	**—**	**—**	**—**	**—**	**212**	**—**	**212**
Total comprehensive income/(loss) for the year	**—**	**—**	**—**	**—**	**212**	**(24,853)**	**(24,641)**
At 31 December 2021	**12,000**	**50,302**	**3,011**	**801**	**255**	**(18,104)**	**48,265**

Notes:

(a) Share premium

The share premium represents the differences between par value of the shares of the Company and proceeds received from theissuance 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 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 2021

	Notes	2021 HK$'000	2020 HK$'000
Cash flows from operating activities			
Loss before tax		**(25,112)**	(25,360)
Adjustments for:			
Share of result of an associate		**346**	124
Finance costs		**513**	216
(Reversal of)/impairment loss of trade and other receivables, net		**(270)**	4,366
Impairment loss of right-of-use asset		**3,265**	1,832
Impairment loss of intangible assets		**1,782**	—
Impairment loss of property, plant and equipment		**3,707**	—
Loss on written off of property, plant and equipment		**—**	628
Impairment loss on investment in an associate		**1,247**	445
Depreciation of property, plant and equipment		**5,315**	6,105
Depreciation of right-of-use assets		**966**	1,391
Amortisation of intangible asset		**567**	533
Interest income		**(283)**	(1,430)
Fair value gain on financial assets at FVTPL		**(2,495)**	—
Operating cash flows before movements in working capital		**(10,452)**	(11,150)
Decrease in trade receivable, deposits and prepayments		**5,061**	10,471
Increase/(decrease) in trade and other payables		**444**	(11,622)
Cash used in operations		**(4,947)**	(12,301)
Tax refund/(paid)		**—**	(410)
Net cash used in operating activities		**(4,947)**	(12,711)
Cash flows from investing activities			
Purchase of property, plant and equipment		**(6,954)**	(4,981)
Prepayments for purchase of property, plant and equipment		**—**	(2,880)
Purchase of intangible asset		**—**	(1,700)
Purchase of financial assets at FVTPL		**(24,069)**	—
Net cash outflow on acquisition of a subsidiary		**(1,361)**	—
Purchase of financial assets at fair value through other comprehensive income		**—**	(243)
Sale proceed from financial assets at FVTOCI		**243**	—
Settlement of financial assets at FVTPL		**321**	—
Acquisition of investment in an associate		**—**	(2,162)
Placement of bank deposits with original maturity over three months		**(1,387)**	(30,276)
Withdrawal of bank deposits with original maturity over three months		**27,158**	59,624
Interest received		**283**	1,430
Net cash generated from investing activities		**(5,766)**	18,812

Consolidated Statement of Cash Flows

For the year ended 31 December 2021

	Notes	**2021** **HK$'000**	2020 HK$'000
Cash flows from financing activities			
Proceed from borrowings		**—**	9,867
Repayment of borrowings		**(2,707)**	(244)
Payment of lease liabilities		**(1,771)**	(2,487)
Interest paid		**(313)**	(117)
Net cash generated from financing activities		**(4,791)**	7,019
Net (decrease)/increase in cash and cash equivalents		**(15,504)**	13,120
Cash and cash equivalents at the beginning of the year	25	**24,165**	10,909
Effect of foreign exchange rate changes		**212**	136
Cash and cash equivalents at the end of the year	25	**8,873**	24,165

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

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 Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands. The principal place of business of the Company is 19th Floor, Three Exchange Square, 8 Connaught Place, 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, services and provision of vehicle leasing and limousine services in Macau and investment in concert.

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

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSS")

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") for the first time, which are mandatory effective for the annual period beginning on or after 1 January 2021 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	Covid-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

The application of the Amendment to HKFRSs in the current year had no material impact on the Group's financial position and performance for the current year and prior years and/or on the disclosures set out in these consolidation financial statements.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSS") (CONTINUED)

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 17	Insurance Contracts and the related Amendments[3]
Amendments to HKFRS 3	Reference to the Conceptual Framework[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021[1]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[3]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[3]
Amendments to HKAS 8	Definition of Accounting Estimates[3]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[3]
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use[2]
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 – 2020[2]

1 Effective for annual periods beginning on or after 1 April 2021.
2 Effective for annual periods beginning on or after 1 January 2022.
3 Effective for annual periods beginning on or after 1 January 2023.
4 Effective for annual periods beginning on or after a date to be determined.

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

3. GOING CONCERN

The outbreak of Covid-19 pandemic (the "Pandemic") has severely affected the travel and tourism industry of Macau due to travel restrictions imposed by the Macau government and sluggish consumers' sentiment. The Group incurred a net loss of HK$24,853,000 for the year 31 December 2021 (2020: HK$25,472,000). In view of the continuity of the Pandemic in the foreseeable future, the directors of the Company had taken the following measures to encounter the adverse effect:

- The Group is taking measures to tighten cost controls over administrative expenses aiming at improving the working capital and cash flow position of the Group.
- Mr. Choi, the controlling shareholder and director of the Company, has granted an unsecured loan facility of up to HK$18,000,000 (the "Facility") on 31 March 2022 which will expire on 31 March 2023. The Facility is interest-free. Mr. Choi has also agreed to provide continuing financial support to the Group and confirmed that he will not withdraw the Facility provided to the Group and have financial ability to provide the Facility to the Group within the next twelve months.

Apart from the abovementioned measures, the Group had bank deposits with original maturity over three months and cash and cash equivalent with aggregate amounts of approximately HK$13,896,000 as at 31 December 2021 and, as of that date, had net current assets of approximately HK$40,203,000.

The directors of the Company have reviewed the Group's cash flow projections prepared by the management. The cash flow projections cover a period of not less than twelve months from 31 December 2021. Based on the cash flow projections, the Group will have sufficient financial resources to meet its financial obligations as and when they fall due in the coming twelve months from 31 December 2021. The management has made key assumptions on the projections with regard to the anticipated cash flows from the Group's operations and capital expenditures.

In view of the abovementioned measurements and circumstances, the directors of the Company have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

Should the Group be unable to continue as a going concern, it may be unable to realise its assets and discharge its liabilities in the normal course of business. Adjustments would have to be made to the consolidated financial statements to adjust the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively.

4. BASIS OF PREPARATION OF CONSOLIDATION FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation of consolidated financial statements

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

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

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participates 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 these 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 *Lease*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 *Inventories or value in use in HKAS 36 Impairment of Assets*.

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

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

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

4. BASIS OF PREPARATION OF CONSOLIDATION FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant accounting policies

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.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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 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 consolidation.

4. BASIS OF PREPARATION OF CONSOLIDATION FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant accounting policies (continued)

Asset acquisitions

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to financial assets/financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

Investments in subsidiaries

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

Investments in associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control over those policies.

The results and assets and liabilities of associate are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of profit or loss and other comprehensive income of the associate. When the Group's share of losses of associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

4. BASIS OF PREPARATION OF CONSOLIDATION FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant accounting policies (continued)

Investments in associate (continued)

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the interest (including goodwill) is tested for impairment in accordance with HKAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the interest subsequently increases.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

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.

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

4. BASIS OF PREPARATION OF CONSOLIDATION FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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:

Properties	4%
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.

Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and any accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortisation and any accumulated impairment losses on the same basis as intangible assets that are acquired separately. Intangible assets acquired in a business combination with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Impairment of property, plant and equipment, right-of-use assets and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment and right-of-use assets and intangible assets 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).

4. BASIS OF PREPARATION OF CONSOLIDATION FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant accounting policies (continued)

Impairment of property, plant and equipment, right-of-use assets and intangible assets (continued)

The recoverable amount of property, plant and equipment and right-of-use assets and intangible assets are estimated individually, when it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

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 cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rate basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit or the group of cash-generating units) 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 cash-generating unit or the group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

4. BASIS OF PREPARATION OF CONSOLIDATION FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant accounting policies (continued)

Financial instruments (continued)

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.

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.

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

- the financial asset is held within a business model whose objective is achieved by both selling and collecting 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.

All other financial assets are subsequently measured at FVTPL, except that at the date of initial application of HKFRS 9/ initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 Business Combinations applies.

A financial asset is classified as held for trading if:

- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

4. BASIS OF PREPARATION OF CONSOLIDATION FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

(i) 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 recognized 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 creditimpaired, 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.

(ii) Equity instruments designated as at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "fair value gain on financial asset at FVTPL" line item.

(iii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and loss arising from changes in fair value recognised on other comprehensive income and accumulated in the revaluation reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained earnings.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "Revenue" line item in profit or loss.

4. BASIS OF PREPARATION OF CONSOLIDATION FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9

The Group perform impairment assessment under expected credit loss ("**ECL**") model on financial assets (including trade receivables, deposits and other receivables, amounts due from related companies, bank deposits with maturity over three months and bank balances) which are subject to impairment assessment under HKFRS 9. 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.

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, in which case 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.

(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.

4. BASIS OF PREPARATION OF CONSOLIDATION FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 (continued)

(i) Significant increase in credit risk (continued)

In particular, the following information is taken into account when assessing whether credit risk has increase 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 30 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.

(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.

4. BASIS OF PREPARATION OF CONSOLIDATION FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 (continued)

(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.

4. BASIS OF PREPARATION OF CONSOLIDATION FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 (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. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience, adjusted for forward looking information that is available without undue cost or effort.

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.

Lifetime ECL for trade receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- 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.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables where the corresponding adjustment is recognised through a loss allowance account.

4. BASIS OF PREPARATION OF CONSOLIDATION FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

On derecognition of the of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities and equity

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, and borrowings) are subsequently measured at amortised cost, using the effective interest method.

4. BASIS OF PREPARATION OF CONSOLIDATION FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant accounting policies (continued)

Financial instruments (continued)

Financial liabilities and equity (continued)

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Modification of financial liabilities

Except for changes in the basis for determining the contractual cash flows as a result of interest rate benchmark reform in which the Group applies the practical expedient, when the contractual terms of a financial liability are modified, the Group assess whether the revised terms result in a substantial modification from original terms taking into account all relevant facts and circumstances including qualitative factors. If qualitative assessment is not conclusive, the Group considers that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received, and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. Accordingly, such modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. The exchange or modification is considered as non-substantial modification when such difference is less than 10 per cent.

For non-substantial modifications of financial liabilities that do not result in derecognition, the carrying amount of the relevant financial liabilities will be calculated at the present value of the modified contractual cash flows discounted at the financial liabilities' original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial liabilities and are amortised over the remaining term. Any adjustment to the carrying amount of the financial liability is recognised in profit or loss at the date of modification.

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.

Government grants

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

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under "other income".

4. BASIS OF PREPARATION OF CONSOLIDATION FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant accounting policies (continued)

Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "loss 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 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 recognized 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 recognized 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. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

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.

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.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 *Income Taxes* requirements to right-of-use assets and lease liabilities separately. Temporary differences on initial recognition of the relevant right-of-use assets and lease liabilities are not recognised due to application of the initial recognition exemption. Temporary differences arising from subsequent revision to the carrying amounts of right-of-use assets and lease liabilities, resulting from remeasurement of lease liabilities and lease modifications, that are not subject to initial recognition exemption are recognised on the date of remeasurement or modification.

Current and deferred tax are recognised in profit or loss.

4. BASIS OF PREPARATION OF CONSOLIDATION FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant accounting policies (continued)

Employee benefits

Retirement benefit scheme

Payment to Mandatory Provident Fund Scheme (the "**MPF Scheme**") 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.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

4. BASIS OF PREPARATION OF CONSOLIDATION FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

4. BASIS OF PREPARATION OF CONSOLIDATION FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 at a point in time when the relevant services are rendered.

4. BASIS OF PREPARATION OF CONSOLIDATION FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 on or after the date of initial application or arising from business combinations, 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. 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.

4. BASIS OF PREPARATION OF CONSOLIDATION FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant accounting policies (continued)

Leases (continued)

The Group as a lessee

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.

The Group applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

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.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included on the cost of right-of-use assets.

4. BASIS OF PREPARATION OF CONSOLIDATION FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant accounting policies (continued)

Leases (continued)

The Group as a lessee (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.

4. BASIS OF PREPARATION OF CONSOLIDATION FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant accounting policies (continued)

Leases (continued)

The Group as a lessee (continued)

Lease liabilities (continued)

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

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.

4. BASIS OF PREPARATION OF CONSOLIDATION FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant accounting policies (continued)

Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

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.

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.

4. BASIS OF PREPARATION OF CONSOLIDATION FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Market risk

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.

5. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENT (CONTINUED)

Financial risk management (continued)

Market risk (continued)

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to bank deposits with original maturity over three months, fixed-rate borrowings and lease liabilities, of which details are disclosed in notes 24, 27 and 17 respectively. The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances, of which details are disclosed in notes 25. The Group cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank balances. The Group manages its interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook. The management will review the proportion of borrowings in fixed and floating rates and ensure they are within reasonable range.

Sensitivity analysis

Bank balances are excluded from sensitivity analysis as the management considers that the exposure of cash flow interest rate risk arising from variable-rate bank balances is insignificant.

Credit risk and impairment assessment

The Group's credit risk is primarily attributable to trade receivables, deposits paid and other receivables, 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.

Deposits and other receivables

For deposits and other receivables, the management makes periodic individual assessment on the recoverability of deposits and other receivables based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The management believes that there are no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12m ECL.

The Group recognised impairment loss of approximately HK$37,000 (2020: HK$655,000) in respect of other receivables for the year ended 31 December 2021.

5. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENT (CONTINUED)

Financial risk management (continued)

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. The Group assessed 12m ECL for bank deposit with original maturity over three months and bank balances by reference to information relating to probability of default and loss given default of the respective credit rating grades published by external credit rating agencies. Based on the average loss rates, the 12m ECL on bank deposits is considered to be insignificant and therefore no loss allowance was recognised.

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. The majority of the Group's trade receivables that are past due but not impaired have good credit quality which reference to settlement history. 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 2021 and 2020, The Group had applied expected loss rates to non credit-impaired trade receivable with gross carrying amount of HK$2,269,000 (2020: HK$5,126,000) as shown in the table below. As at 31 December 2020, debtors with significant outstanding balances with gross carrying amount of approximately HK$3,696,000 were assessed individually fully impaired.

5. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENT (CONTINUED)

Financial risk management (continued)

Trade receivables (continued)

	Expected loss rate %	2021 Gross carrying amount HK$'000	Loss allowance HK$'000
Net yet due	**3.97**	**1,835**	**73**
1-30 days past due	**4.67**	**364**	**17**
31-60 days past due	**6.98**	**25**	**2**
61-90 days past due	**14.83**	**—**	**—**
Over 90 days past due	**16.36**	**45**	**7**
		2,269	**99**

	Expected loss rate %	2020 Gross carrying amount HK$'000	Loss allowance HK$'000
Net yet due	0.22	3,785	8
1-30 days past due	0.53	1,297	7
31-60 days past due	1.22	3	—
61-90 days past due	11.06	23	3
Over 90 days past due	13.33	18	2
		5,126	20

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.

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.

	Lifetime ECL (not credit-impaired) HK$'000	Lifetime ECL (credit-impaired) HK$'000	Total HK$'000
At 1 January 2020	5	—	5
Impairment losses recognised, net	15	3,696	3,711
At 31 December 2020 and at 1 January 2021	20	3,696	3,716
Impairment losses recognised, net	79	158	237
Written-off	—	(3,854)	(3,854)
At 31 December 2021	**99**	**—**	**99**

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. The majority dates for other non-derivative financial liabilities are based on the agreed repayment dates.

	At 31 December 2021						
	Effective interest rate %	On demand or within one year HK$'000	one to two years HK$'000	Within two to five years HK$'000	Over five years HK$'000	Total undiscounted cash flows HK$'000	Carrying amounts HK$'000
Non-derivative financial liabilities							
Trade and other payables	—	5,689	—	—	—	5,689	5,689
Lease liabilities	2.82-6.80	1,129	1,002	1,569	—	3,700	3,367
Borrowings	2.50-4.00	2,908	2,589	504	1,470	7,471	6,916
		9,726	3,591	2,073	1,470	16,860	15,972

5. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENT (CONTINUED)

Financial risk management (continued)

Liquidity risk (continued)

	At 31 December 2020						
	Effective interest rate %	On demand or within one year HK$'000	one to two years HK$'000	Within two to five years HK$'000	Over five years HK$'000	Total undiscounted cash flows HK$'000	Carrying amounts HK$'000
Non-derivative financial liabilities							
Trade and other payables	—	5,189	—	—	—	5,189	5,189
Lease liabilities	2.82-5.69	1,869	896	2,434	—	5,199	4,718
Borrowings	2.50-4.00	3,011	2,908	2,925	1,638	10,482	9,623
		10,069	3,804	5,359	1,638	20,870	19,530

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:

	2021 HK$'000	2020 HK$'000
Total debt *(Note)*	**10,283**	14,341
Equity attributable to owners of the Company	**48,265**	72,906
Total debt to equity ratio	**21.31%**	19.67%

Note: Total debt represents lease liabilities and borrowings in notes 17 and note 27 to the consolidated financial statements respectively.

5. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENT (CONTINUED)

Financial risk management (continued)

Categories of financial instruments

	2021 HK$'000	2020 HK$'000
Financial assets		
Equity instrument at FVTOCI	—	243
Financial assets at FVTPL	26,243	—
Financial assets at amortised cost	22,760	67,488
	49,003	67,731
Financial liabilities		
At amortised cost	15,972	19,530

Fair value of financial instruments

Some of the Group's financial instruments are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined.

	2021 HK$'000	2020 HK$'000	Fair value hierarchy	Valuation techniques and key imputs	Significant unobservable inputs
Financial assets Equity instrument at FVTOCI					
– Unlised shares outside Hong Kong	—	243	Level 3	Adjusted net asset value	Adjusted net asset value of the investee
Financial assets Investment in concert	26,243	—	Level 3	The discounted cash flow method and financial forecast	Discount rate

There were no transfers between Level 1 and 2, or Level 3 during the year.

If the discount rate increase/decrease by 5%, holding all other variables constant, would decrease/increase the carrying amount of the investment in concert by approximately HK$28,000.

5. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENT (CONTINUED)

Financial risk management (continued)

Fair value of financial instruments (continued)

Reconciliation of Level 3 fair value measurements:

	Financial assets at FVTOCI HK$'000	Financial assets at FVTPL HK$'000
At 1 January 2020, at 31 December 2020 and at 1 January 2021	243	—
Addition	—	24,069
Fair value change during the year	—	2,495
Settlement	(243)	(321)
At 31 December 2021	**—**	**26,243**

Fair value of financial instrument at amortised cost

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 2021 and 2020.

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.

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

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.

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.

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

Estimated impairment of property, plant and equipment, right-of-use assets and intangible asset

Property, plant and equipment, right-of-use assets and intangible assets are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgment and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU to which the assets belong, including allocation of corporate assets when a reasonable and consistent basis of allocation can be established, otherwise recoverable amount is determined at the smallest group of CGUs, for which the relevant corporate assets have been allocated. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could affect the recoverable amounts.

As at 31 December 2021, the carrying amounts of property, plant and equipment, right-of-use assets and intangible asset subject to impairment assessment were HK$12,397,000 (2020: HK$14,463,000), HK$nil (2020: HK$3,906,000) and HK$nil (2020: HK$1,167,000) respectively. Details of the impairment of property, plant and equipment, right-of-use assets and intangible assets are set out in notes 5, 16, 17 and 18 respectively.

Provision of ECL for trade and other receivables

Trade and other receivables with significant balances and credit-impaired are assessed for ECL individually.

The Group's management determines the provision of ECL for trade receivables based on the ECL which uses a lifetime expected loss allowance for all trade receivables. For other receivables, the provision of ECL is based on 12m ECL. 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 and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period. Management reassesses the provision at each reporting date.

The provision of ECL is sensitive to change in estimates. The information about the ECL and the Group' trade receivables and other receivables are disclosed in note 5 to the consolidated financial statements.

Fair value measurement of financial assets at fair value through profit or loss

As at 31 December 2021, certain of the Group's financial assets amounting to HK$26,243,000 (2020: HK$nil) are measured at fair value with fair value being determined based on significant unobservable inputs using valuation techniques. Judgement and estimation are required in establishing the relevant valuation techniques and the relevant inputs thereof. Changes in assumptions relating to these factors could result in material adjustments to the fair value of these instruments. See note 23 for further disclosures.

7. REVENUE

	2021 HK$'000	2020 HK$'000
Revenue from contracts with customers		
Sales and distribution of hotel rooms	**5,253**	15,332
Margin income: *(Note)*		
– sale of air tickets	**103**	47
– sale and distribution of hotel rooms	**2,981**	2,301
– sale and provision of ancillary travel-related products and services	**107**	455
Provision of limousine services	**942**	1,049
Total revenue from contracts with customers	**9,386**	19,184
Fair value gain on financial assets at FVTPL	**2,495**	—
Lease income from vehicle leasing	**2,740**	930
Total revenue	**14,621**	20,114
Type of customer		
Travel agents	**3,755**	14,555
Corporate customers	**2,613**	2,428
Online travel agent platforms	**5,118**	2,249
Direct customers	**3,135**	882
Total	**14,621**	20,114

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

All of the Group's revenue from contracts with customers 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.

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 three (2020: two) reportable operating segments which are based on the internal organisation and reporting structure. This is the basis upon which the Group is organised.

In the current year, the Group enhanced its investment in concert which resulted in change to the composition of its reportable segments.

8. SEGMENT INFORMATION (CONTINUED)

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 in Macau.

(ii) Vehicle business

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

(iii) Concert business

The concert business represents the investment in concert in PRC.

Segment revenue and results

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

For the year ended 31 December 2021

	Travel business HK$'000	Vehicle business HK$'000	Concert business HK$'000	Total HK$'000
Reportable segment revenue	8,444	3,682	2,495	14,621
Reportable segment results	(12,737)	(9,428)	2,407	(19,758)
Interest income				283
Government grants				830
Share of loss of associate				(346)
Finance cost				(513)
Unallocated income and expenses				(5,608)
Loss before tax				(25,112)

8. SEGMENT INFORMATION (CONTINUED)

Segment revenue and results (continued)

For the year ended 31 December 2020

	Travel business HK$'000	Vehicle business HK$'000	Total HK$'000
Reportable segment revenue	18,135	1,979	20,114
Reportable segment results	(11,350)	(8,070)	(19,420)
Interest income			1,430
Government grants			808
Share of loss of associate			(124)
Finance cost			(216)
Unallocated income and expenses			(7,838)
Loss before tax			(25,360)

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

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

Segment assets and liabilities

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

For the year ended 31 December 2021

	Travel business HK$'000	**Vehicle business HK$'000**	**Concert business HK$'000**	**Total HK$'000**
Reportable segment assets	**17,918**	**16,863**	**27,945**	**62,726**
Unallocated assets				**1,520**
Total assets				**64,246**
Reportable segment liabilities	**6,630**	**1,909**	**—**	**8,539**
Unallocated liabilities				**7,442**
Total liabilities				**15,981**

8. SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities (continued)

For the year ended 31 December 2020

	Travel business HK$'000	Vehicle business HK$'000	Total HK$'000
Reportable segment assets	64,263	20,925	85,188
Unallocated assets			7,642
Total assets			92,830
Reportable segment liabilities	6,359	2,343	8,702
Unallocated liabilities			11,222
Total liabilities			19,924

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, financial asset at FVTOCI, investment in an associate, partial cash and cash equivalents, partial accruals and other payables, tax payables, bank borrowings and partial lease liabilities.

Other segment information

For the year ended 31 December 2021

Amounts included in the measurement of segment profit or loss or segment assets:

	Travel Business HK$'000	Vehicle business HK$'000	Concert business HK$'000	Unallocated HK$'000	Total HK$'000
Interest income	—	—	—	283	283
Depreciation of property, plant and equipment	636	4,661	—	18	5,315
Depreciation of right-of-use assets	501	424	—	41	966
Impairment loss on intangible assets	233	367	—	1,182	1,782
Impairment loss on right-of-use assets	1,838	1,403	—	24	3,265
Impairment loss on property, plant and equipment	1,719	1,957	—	31	3,707
Impairment loss on investment in associate	—	—	—	1,247	1,247
(Reversal of)/impairment loss recognised in respect of trade and other receivables	(300)	13	13	4	(270)
Gain on financial assets at fair value through profit or loss	—	—	2,495	—	2,495
Share of loss of associate	—	—	—	346	346
Amortisation of intangible assets	567	—	—	—	567
Additions to non-current assets *(Note)*	215	1,468	—	6,817	8,500

8. SEGMENT INFORMATION (CONTINUED)

Other segment information (continued)

For the year ended 31 December 2020

	Travel Business HK$'000	Vehicle business HK$'000	Unallocated HK$'000	Total HK$'000
Interest income	—	—	1,430	1,430
Depreciation of property, plant and equipment	1,329	4,769	7	6,105
Depreciation of right-of-use assets	53	140	1,198	1,391
Loss on written off of property, plant and equipment	—	—	628	628
Impairment loss recognised in respect of right-of-use assets	86	311	1,435	1,832
Impairment loss recognised in respect of trade and other receivables	4,255	1	110	4,366
Impairment loss on investment in an associate	—	—	445	445
Share of loss of associate	—	—	124	124
Amortisation in intangible asset	533	—	—	533
Additions to non-current assets *(Note)*	1,700	7,091	8,026	16,817

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.

During the year ended 31 December 2021, the Group's operations are located on Macau and PRC.

Information about the Group's revenue from continuing operations from external customers is presented based on the location of the operations. Information about the Group's non-current assets is presented based on the geographical location of the assets.

	Revenue from external customers 2021 HK$'000	Non-current assets 2020 HK$'000
Macau	**12,126**	14,387
PRC	**2,495**	2
Macau	**14,621**	14,389

Note: Non-current assets excluded financial instruments.

8. 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:

	2021 HK$'000	2020 HK$'000
Customer A Travel business and vehicle business	N/A[1]	10,582
Customer B Travel business	N/A[1]	2,352
Customer C Travel business and Vehicle business	2,930	2,036

Note: Revenue derived from Customer A and Customer B did not contribute 10% or more to the Group's total revenue in the corresponding years.

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

	2021 HK$'000	2020 HK$'000
Interest income	283	1,430
Government grants *(note)*	830	808
Other income from event organisation	—	692
Sundry income	828	369
	1,941	3,299

Note: The Group recognised government grants of approximately HK$830,000 (2020: HK$808,000) in respect of COVID-19-related-subsidies, of which HK$30,000 (2020: HK$308,000) relates to Anti-epidemic Fund provides by the Hong Kong government and HK$800,000 related to Subsidy Scheme for Business provides by the Macau government.

10. FINANCE COSTS

	2021 HK$'000	2020 HK$'000
Interest on lease liabilities	200	99
Interest on bank borrowing	313	117
	513	216

11. LOSS BEFORE TAX

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

	2021 HK$'000	2020 HK$'000
Auditor's remuneration for:		
– audit service	**600**	420
– non-audit services	**56**	9
	656	429
Depreciation of property, plant and equipment *(note)*	**5,315**	6,105
Depreciation of right-of-use assets	**966**	1,391
Amortisation of intangible asset	**567**	533
(Reversal of)/impairment loss on trade and other receivables, net	**(270)**	4,366
Impairment loss on right-of-use asset	**3,265**	1,832
Impairment loss on intangible asset	**1,782**	—
Impairment loss on property, plant and equipment	**3,707**	—
Loss on written off of property, plant and equipment	**—**	628
Impairment loss on investment in an associate	**1,247**	445
Employee benefit expenses (excluding directors' remuneration (Note 12) *(note (ii)*)		
– Salaries, allowances and benefits in kind	**8,360**	7,954
– Retirement benefit scheme contribution	**502**	221
	8,862	8,175

Note: Included in the Group's cost of sales are depreciation of property, plant and equipment of approximately HK$2,142,000 (2020: HK$3,803,000), and employee benefit expenses (excluding directors' remuneration) of approximately HK$1,059,000 (2020: HKD$559,000), for the years ended 31 December 2021.

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 2021			
	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 Wai Chan	—	900	18	918
Mr. Leong Tat Meng	—	480	18	498
Independent non-executive directors:				
Mr. Sou Sio Kei	75	—	—	75
Mr. Rodrigues Cesar Ernesto	75	—	—	75
Mr. Hu Chung Ming	75	—	—	75
	225	1,380	36	1,641

	Year ended 31 December 2020			
	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 Wai Chan	—	1,350	19	1,369
Mr. Leong Tat Meng	—	580	18	598
Independent non-executive directors:				
Mr. Sou Sio Kei	94	—	—	94
Mr. Rodrigues Cesar Ernesto	94	—	—	94
Mr. Hu Chung Ming	94	—	—	94
	282	1,930	37	2,249

Note:

Mr. Choi Wai Chan 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.

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

The five highest paid individuals included two (2020: two) director for the year ended 31 December 2021. Details of whom emoluments are set out above. The emoluments of the remaining individuals for the years ended 31 December 2021 and 2020 are as follows:

	2021 HK$'000	2020 HK$'000
Salaries, allowance and benefits in kind	**760**	1,034
Retirement benefit scheme contribution	**1**	15
	761	1,049

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

	2021	2020
Nil to HK$1,000,000	**3**	3

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.

No bonus was paid or receivable by directors or five highest paid employees after considering the Group's operational and financial performance during the year ended 31 December 2021 (2020: HK$nil).

Except as disclosed in note 32 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.

13. INCOME TAX (CREDIT)/EXPENSE

	2021 HK$'000	2020 HK$'000
Current tax:		
(Over)/under provision in prior years		
– Macau Complementary Tax	**(259)**	112

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 Macau Complemention Tax, Hong Kong Profits Tax and PRC Enterprise Income Tax have been made as there is no assessable profits for the year ended 31 December 2021.

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

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:

	2021 HK$'000	2020 HK$'000
Loss before tax	**(25,112)**	(25,360)
Tax calculated at tax rates applicable to the jurisdictions concern	**(3,581)**	(3,493)
Tax effect of:		
Expenses not deductible for tax purposes	**1,205**	991
Income not taxable for tax purposes	**(478)**	(111)
Estimated tax losses not recognised	**2,854**	2,613
(Over)/under provision in prior years	**(259)**	112
Income tax (credit)/expenses for the reporting period	**(259)**	112

No deferred tax asset has been recognised in respect of the unutilised tax losses of HK$41,337,000 and HK$38,483,000 as at 31 December 2021 and 2020, respectively, due to the unpredictability of future profit streams.

14. DIVIDENDS

There were no dividends declared during the years ended 31 December 2021 and 2020.

15. LOSS PER SHARE

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

	2021 **HK$'000**	2020 HK$'000
Loss		
Loss for the purpose of basic and diluted loss per share loss for the year attributable to owners of the Company	**(24,853)**	(25,472)

	2021 **HK$'000**	2020 HK$'000
Number of shares		
Weighted average number of shares for the purpose of calculating basic and diluted loss per share	**1,200,000**	1,200,000

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

16. PROPERTY, PLANT AND EQUIPMENT

	Properties HK$'000	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost					
At 1 January 2020	—	3,664	578	20,361	24,603
Additions	4,600	—	90	291	4,981
Exchange differences	—	—	2	—	2
At 31 December 2020 and at 1 January 2021	4,600	3,664	670	20,652	29,586
Additions	—	3,478	236	3,240	6,954
Disposal	—	—	(49)	—	(49)
Exchange differences	—	—	2	—	2
At 31 December 2021	4,600	7,142	859	23,892	36,493
Accumulated depreciation					
At 1 January 2020	—	1,156	310	6,924	8,390
Charge for the year	94	1,880	123	4,008	6,105
Written off *(note 17)*	—	628	—	—	628
At 31 December 2020 and at 1 January 2021	94	3,664	433	10,932	15,123
Charge for the year	184	652	158	4,321	5,315
Disposal	—	—	(49)	—	(49)
Impairment	542	2,826	317	22	3,707
At 31 December 2021	820	7,142	859	15,275	24,096
Carrying amounts					
At 31 December 2021	3,780	—	—	8,617	12,397
At 31 December 2020	4,506	—	237	9,720	14,463

Note: The Group had purchased carparking spaces in Macau during the year ended 31 December 2020.

The Group has pledged properties with carrying amount of approximately HK$2,500,000 (2020: HK$2,970,000) to secure bank borrowings with carrying amounts of approximately HK$1,953,000 (2020: HK$2,071,000). The properties are the carparking spaces that located at Macau.

For the impairment assessment, details are disclosed in note 17.

17. LEASES

	2021 HK$'000	2020 HK$'000
Right-of-use assets		
Properties	—	3,839
Carparking spaces	—	67
	—	3,906

	2021 HK$'000	2020 HK$'000
Total cash outflow for leases *(note 2)*	**1,871**	2,487
Additions to right-of-use assets *(note 1)*	**364**	4,492

Note 1: Amount includes right-of-use assets resulting from new leases entered.

Note 2: Amount includes payments of principal and interest portion of lease liabilities. These amounts could be presented in financing cash flows.

Note 3: The Group had modified the lease term of lease properties with a carrying amount of approximately HK$61,000 and HK$967,000 during the years ended 31 December 2021 and 2020 respectively.

Impairment assessment

During the year ended 31 December 2021, the Group conducted impairment assessment to compare the carrying amounts of property, plant and equipment, right-of-use assets and intangible assets to their recoverable amounts. The recoverable amount is the higher of fair value less costs of disposal and value-in-use. The Group recognised impairment loss of approximately HK$3,707,000 (2020: HK$nil), HK$3,265,000 (2020: HK$1,832,000) and HK$1,782,000 (2020: HK$nil) on property, plant and equipment, right-of-use assets and intangible assets to write down to their recoverable amounts.

In determining the recoverable amounts of the intangible assets, right-of-use assets and property, plant and equipment, the Group engaged an independent third party qualified valuers to perform the valuation. The management worked closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The key assumptions for the value-in-use calculations are those regarding the budgeted turnover, budgeted gross profit margins discount rate and growth rate pre-tax discount rate of 16% (2020: 14%).

17. LEASES (CONTINUED)

Impairment assessment (continued)

Included in the impairment loss were approximately of HK$966,000 made in respect of right-of-use assets relating to a leased office by the Group which the lease had been terminated in 2021. Thus, the Group determined there will be no recoverable amount for the related leasehold improvement under property, plant and equipment and recognized loss on written off of the related property, plant and equipment of approximately HK$628,000 for the year ended 31 December 2020.

	2021 **HK$'000**	2020 HK$'000
Lease liabilities		
Minimum lease payments due		
– Within one year	**1,129**	1,869
– More than on year but not exceeding two years	**1,002**	896
– More than two years but not exceeding five years	**1,569**	2,434
	3,700	5,199
Less: future finance charges	**(333)**	(481)
Present value of lease liabilities	**3,367**	4,718

	2021 **HK$'000**	2020 HK$'000
Present value of lease liabilities		
– Within one year	**972**	1,600
– More than one year but not exceeding two years	**897**	783
– More than two years but not exceeding five years	**1,498**	2,335
	3,367	4,718

The Group leases various properties, carparking spaces and licenses. Rental contracts are typically made for fixed periods of 1 to 5 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.

During the year ended 31 December 2021 and 2020, the Group had entered into new leases to lease properties for lease terms ranging from 2 years to 5 years. The incremental borrowing rates applied for these new leases were 6.8% (2020: from 4.1% to 5.7%) during 2021.

18. INTANGIBLE ASSETS

	PRC travel licences HK$'000	Computer software HK$'000	Total HK$'000
Cost			
At 1 January 2020	—	—	—
Additions	—	1,700	1,700
At 31 December 2020 and 1 January 2021	—	1,700	1,700
Additions	1,182	—	1,182
At 31 December 2021	**1,182**	**1,700**	**2,882**
Amortisation			
At 1 January 2021	—	—	—
Charge for the year	—	**533**	**533**
At 31 December 2020 and 1 January 2021	—	**533**	**533**
Charge for the year	—	**567**	**567**
Impairment	**1,182**	**600**	**1,782**
At 31 December 2021	**1,182**	**1,700**	**2,882**
Carry amounts			
At 31 December 2021	—	—	—
At 31 December 2020	—		1,167

The Computer software are amortised on a straight-line basis over 3 years. Details of addition during the year ended 31 December 2021 are set out in note 29.

The impairment assessment, details are described in note 17.

19. INVESTMENT IN AN ASSOCIATE

On 9 July 2020, the Group entered into an equity transfer agreement ("**Equity Transfer Agreement**") with Meet Culture Limited ("**Meet Culture**"), a company controlled by Mr. Lao Wa Chi, Mr. Leong Chi Hang, Mr. Ho Ion Fat and Ms. Hoi Miquelina Meiian, the controlling shareholders of the company, pursuant to which the shareholders of the Meet Culture agreed to dispose of and the Group agreed to acquire 49% equity interest of Meet Culture at a consideration of HK$2,162,000. Goodwill of approximately HK$2,038,000 was recognised upon the acquisition.

	2021 HK$'000	2020 HK$'000
Investment	**2,162**	2,162
Share of post-acquisition results	**(470)**	(124)
	1,692	2,038
Accumulated impairment loss	**(1,692)**	(445)
	—	1,593

Due to the decline in the economy and market condition, the Group performed impairment test by comparing the carrying amount of investment in an associate to its recoverable amount as at 31 December 2021 and 2020. The recoverable amount of the investment in Meet Culture is determined from the value-in-use calculations. The key assumptions for the value-in-use calculations are those regarding the discount rate, budgeted turnover and budgeted gross profit margins. The Group estimates discount rates using pre-tax discount rates of 16% (2020: 14%) that reflect current market assessments of the time value of money and the risks specific to the investment in Meet Culture. The growth rate is based on longterm average economic growth rate of the geographical area in which Meet Culture operates. Budgeted turnover and budgeted gross profit margins are based on expectations on market development of related operations.

Impairment loss of approximately HK$1,247,000 (2020: HK$445,000) was recognised during the year ended 31 December 2021 to write down the carrying amount of the investment of an associate to its recoverable amount.

The Group's associate is unlisted corporate entities whose quoted market prices are not available.

Details of the associate at the end of the reporting period are as follows:

Name of associate	Country of incorporation/ registration	Principal place of business	Proportion of ownership interests held by the Group
Meet Culture Limited ("**Meet Culture**")	Macau	Macau	49%

Meet Culture is principally engaged in design and sale of souvenir business in Macau.

The associate is accounted for using the equity method in the consolidated financial statements.

19. INVESTMENT IN AN ASSOCIATE (CONTINUED)

Meet Culture

Summarised financial information of Meet Culture is disclosed below:

	2021 HK$'000	2020 HK$'000
Current assets	95	616
Non-current assets	119	155
Current liabilities	(1,122)	(1,065)

	2021 HK$'000	9 July 2020 to 31 December 2020 HK$'000
Revenue	2,251	859
Loss and total comprehensive loss	(614)	(546)

Reconciliation of the above summarised financial information to the carrying amount of interest in Meet Culture recognised in the consolidated financial statement is disclosed below:

	2021 HK$'000	2020 HK$'000
Goodwill	—	1,593

20. EQUITY INSTRUMENT AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2021 HK$'000	2020 HK$'000
Unlisted equity investment outside Hong Kong	—	243

The unlisted equity investments are not held for trading, instead, they are held for long-term strategic purposes. The directors of the Company have elected to designate these investments in equity instruments as at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

Details of fair value measurement are set out in note 5 to the consolidated financial statement.

21. TRADE RECEIVABLES

	2021 HK$'000	2020 HK$'000
Trade receivables, gross	**2,269**	8,822
Less: allowance for impairment	**(99)**	(3,716)
	2,170	5,106

At 31 December 2021 and 2020, included in the Group's trade receivables are balances of approximately HK$241,000 and HK$202,000 respectively, that are due from related party. Such balances are trade nature, unsecured, interestfree and repayable on demand.

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

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:

	2021 HK$'000	2020 HK$'000
0-30 days	**2,109**	3,777
31-60 days	**23**	1,290
61-90 days	**—**	3
Over 90 days	**38**	36
	2,170	5,106

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

22. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2021 HK$'000	2020 HK$'000
Deposits	**3,868**	3,514
Prepayments	**2,846**	3,970
Other receivables	**2,826**	3,911
	9,540	11,395
Analysed as reporting purposes as		
– Non-current assets	**2,266**	3,246
– Current assets	**7,274**	8,149
	9,540	11,395

Included in other receivables was amount due from related companies of approximately HK$257,000, which is unsecured, interest-free and repayable on demand during the year ended 31 December 2020.

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

23. FINANCIAL INSTRUMENT AT FAIR VALUE TRHOUTH PROFIT OR LOSS

	2021 HK$'000	2020 HK$'000
Investment in concerts	26,243	—

The Group's investment in concerts at 31 December 2021 are classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

During the year ended 31 December 2021, the Group entered into an investment agreement of sponsorship for cooperating concerts which entitles the Group, among others, the rights to share the net profit or loss of the respective concerts attributable to the Group, as appropriate, in accordance with the terms of the investment agreement. The Group measured, at initial recognition, the cost of the investment based on the cash consideration paid. The carrying amount at the end of the reporting period represented the fair values of the estimated net future cash flows from the investment attributable to the Group.

24. BANK DEPOSITS WITH ORIGINAL MATURITY OVER THREE MONTHS

Bank deposits with original maturity over three months carry interest ranging from 0.25% to 0.35% and 0.25% to 1.80% per annum as at 31 December 2021 and 2020 respectively.

At 31 December 2021 and 2020, bank deposits with original maturity over three months with amount of approximately HK$4,902,000 and HK$4,985,000 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.

25. CASH AND CASH EQUIVALENTS

	2021 HK$'000	2020 HK$'000
Cash and cash equivalents denominated in:		
HK$	4,321	17,359
MOP	2,615	5,491
RMB	1,937	1,315
	8,873	24,165

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$779,000 and HK$214,000 at 31 December 2021 and 2020 respectively are located outside of the PRC which are not subject to the foreign exchange control.

26. TRADE AND OTHER PAYABLES

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

	2021 HK$'000	2020 HK$'000
Trade payables	**3,024**	3,590
Accruals and other payables	**2,327**	1,599
Deposits received	**338**	123
Contract liabilities	**8**	11
	5,697	5,323

At 31 December 2021 and 2020, included in the Group's trade payables are balance of approximately HK$559,000 and HK$1,405,000 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:

	2021 HK$'000	2020 HK$'000
0-30 days	**2,131**	3,162
31-60 days	**884**	427
61-90 days	**—**	—
Over 90 days	**9**	1
	3,024	3,590

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.

27. BORROWINGS

	2021 HK$'000	2020 HK$'000
Secured	**1,954**	2,071
Unsecured	**4,962**	7,552
	6,916	9,623

All the Group's borrowings were at a fixed rate ranging from 2.5% to 4%, which were derived at a discount of the prevailing best lending rate. Pursuant to the terms and conditions of the agreements, the lenders would have the rights to adjust the interest rates based on the market condition.

27. BORROWINGS (CONTINUED)

The carrying amounts of the above borrowings are repayable based on the scheduled repayment dates set in the loan agreements as:

	2021 HK$'000	2020 HK$'000
Within one year	**2,709**	2,707
More than one year but not exceeding two years	**2,496**	2,710
More than two years but not exceeding five years	**258**	2,753
More than five years	**1,453**	1,453
	6,916	9,623
Less: amounts due within one year shown under current liabilities	**(2,710)**	(2,707)
Amounts shown under non-current liabilities	**4,206**	6,916

At 31 December 2021, the secured bank borrowings with carrying amount of approximately HK$1,953,000 (2020: HK$2,071,000) were secured by properties included in the property, plant and equipment with net carrying amount of approximately HK$2,850,000 (HK$2,970,000).

In view of the adverse impact brought by Covid-19, Macau government implemented a SME Financing Loan Interest-Subsidy Scheme (the "**Interest-Subsidy Scheme**") during the year ended 31 December 2020. Eligible entity would begranted an interest subsidy up to 4% per year on a maximum of MOP2,000,000 bank loan up to 3 years.

The Group had applied the Interest-Subsidy Scheme and was approved by the relevant government authority. Interest expenses of approximately HK$254,000 (2020: HK$26,000) for the year 31 December 2021 for the Group's borrowing with carry amount of approximately HK$4,962,000 (2020: HK$7,552,000) which carries effective interest rate of 4% per annum would be reimbursed by the Macau government.

The Group's borrowings are mainly denominated in MOP.

28. SHARE CAPITAL

	Number of ordinary shares 2021 '000	Carrying amount 2021 HK$'000	Number of ordinary shares 2020 '000	Carrying amount 2020 HK$'000
Authorised:				
At 1 January and 31 December	**12,000,000**	**120,000**	12,000,000	120,000

	Number of ordinary shares 2021 '000	Carrying amount 2021 HK$'000	Number of ordinary shares 2020 '000	Carrying amount 2020 HK$'000
Issued and fully paid:				
At 1 January and 31 December	**1,200,000**	**12,000**	1,200,000	12,000

29. ACQUISITION OF ASSETS

On 24 August 2021, The Group (the "**Purchaser**") and the vendors entered into the equity transfer agreements with each of the Vendors to acquire their respective equity interest in the Zhuhai Huanya International Travel Agency Co., Ltd ("**Huanya**") at the total consideration of approximately HK$1,862,000. Upon completion of the Acquisitions, Huanya became a wholly-owned subsidiary of the Company and its financial results will be consolidated into the consolidated financial statements of the Group. Huanya is principally engaged in leasing, business and security services and travel agency. Details of the Acquisition were set out in the announcement of the Company dated 24 August 2021.

Under HKFRS 3 (Revised) "Business Combinations", the acquisition was accounted for as an acquisition of assets and liabilities as Huanya being acquired by the Group does not constitute an acquisition of business. The Group identified and recognised the individual identifiable assets acquired and liabilities assumed. The cost of the acquisition was allocated to the individual identifiable assets and liabilities on the basis of their relative fair values as at the date of acquisition. Such a transaction does not give rise to goodwill.

29. ACQUISITION OF ASSETS (CONTINUED)

The net assets of Huanya at the date of acquisition were as follows:

	2021 HK$'000
PRC travel licences	1,182
Trade receivables	158
Other receivables	337
Cash and cash equivalents	408
Net assets acquired	2,085
Assignment of trade receivables	(158)
	1,927
Satisfied by:	
Consideration	1,862
Expenses incurred in acquisition	65
Total	1,927

Net cash outflow on acquisition of Huanya

	2021 HK$'000
Cash consideration paid	1,862
Consideration payable	(158)
Expenses incurred in acquisition	65
Less: cash and cash equivalents balances acquired	(408)
	1,361

During the year ended 31 December 2020, there was no acquisition of assets through acquisition of a subsidiary.

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

(a) Statement of financial position of the Company

	2021 HK$'000	2020 HK$'000
Non-current asset		
Investments in subsidiaries	**1**	1
Current assets		
Prepayment	**77**	73
Amount due from subsidiaries	**28,908**	37,133
Cash and bank balances	**110**	84
	29,095	37,290
Current liabilities		
Accruals and other payables	**301**	301
Amount due to subsidiaries	**3,049**	2,630
	3,350	2,931
Net current assets	**25,745**	34,359
Total assets less current liabilities	**25,746**	34,360
Capital and reserve		
Share capital	**12,000**	12,000
Reserves	**13,746**	22,360
Total equity	**25,746**	34,360

Approved by the board of directors on 31 March 2022 and signed on its behalf by:

Choi Wai Chan
Director

Leong Tat Meng
Director

30. 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 1 January 2020	50,302	(21,454)	28,848
Loss and total comprehensive loss for the year	—	(6,488)	(6,488)
At 31 December 2020 and at 1 January 2021	50,302	(27,942)	22,360
Loss and total comprehensive loss for the year	—	(8,614)	(8,614)
At 31 December 2021	**50,302**	**(36,556)**	**13,746**

31. 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:

	2021 HK$'000	2020 HK$'000
Within one year	**675**	900
More than one year but not exceeding two years	—	450
	675	1,350

Capital commitment

	2021 HK$'000	2020 HK$'000
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	**771**	1,080

32. MATERIAL RELATED PARTY TRANSACTIONS

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

	2021 HK$'000	2020 HK$'000
Purchase from a related company		
– Tak Chun Gaming Promotion Limited ("**Tak Chun**") *(i)*	**415**	6,019
– Waldo Hotel Limited ("**Waldo Hotel**") *(Note ii)*	**4,396**	—
Revenue generated from a related company		
– Tak Chun *(i)*	**2,776**	841
– Waldo Hotel *(Note ii)*	**5,493**	—

Notes:

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

(ii) Mr. Choi is a director of Waldo Hotel.

(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:

	2021 HK$'000	2020 HK$'000
Salaries, allowance and benefits in kind	**2,154**	2,944
Retirement benefit scheme contributions	**37**	52
	2,191	2,996

(c) Details of the balance with related parties at 31 December 2021 and 2020 are set out in notes 22 and 26 to the consolidated financial statements.

33. 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. Where there are employees who leave the MPF Scheme prior to vesting fully in the contributions, the contributions payable by the Group are reduced by the amount of forfeited contributions.

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.

During the years ended 31 December 2021 and 2020, the Group has no forfeited contributions under the MPF Scheme and scheme in Macau and PRC utilised to reduce the existing levels of contributions. As at 31 December 2021 and 2020, there was no forfeited contribution which may be used by the Group to reduce the contribution payable in the future years.

34. PARTICULARS OF SUBSIDIARIES

Details of the subsidiaries directly and indirectly held by the Company at the end of the reporting period are set out below.

Name subsidiary	Country/place and Date of incorporation	Class of shares held	Issued and fully paid shares capital/ registered capital	At 31 December 2021 %	At 31 December 2020 %	Principal activities
Indirectly held:						
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 shares	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

The above table lists the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

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

35. 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 2021, the Group had leased certain properties and recognised amount of approximately HK$364,000 in the right-of-use assets and lease liabilities.

(b) During the year ended 31 December 2020, the Group had leased certain properties and carparking spaces and recognised amount of approximately HK$4,492,000 in the right-of-use assets and lease liabilities.

36. 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 noncash 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.

	Lease liabilities HK$'000	Borrowings HK$'000	Total HK$'000
At 1 January 2020	3,566	—	3,566
Financing cash inflows	—	9,867	9,867
Financing cash outflows	(2,487)	(361)	(2,848)
Addition of new lease	4,492	—	4,492
Lease modification	(963)	—	(963)
Finance costs	99	117	216
Foreign exchange translation	11	—	11
At 31 December 2020 and 1 January 2021	**4,718**	**9,623**	**14,341**
Financing cash outflows	**(1,771)**	**(3,020)**	**(4,791)**
Addition of new lease	**364**	**—**	**364**
Lease modification	**(168)**	**—**	**(168)**
Finance costs	**200**	**313**	**513**
Foreign exchange translation	**24**	**—**	**24**
At 31 December 2021	**3,367**	**6,916**	**10,283**

37. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 31 March 2022.

Summary of Financial Information

For the year ended 31 December 2021

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

	Year ended 31 December			
	2021 HK$'000	2020 HK$'000	2019 HK$'000	2018 HK$'000
Revenue	**14,621**	20,114	180,241	165,662
(Loss)/profit before tax	**(25,112)**	(25,360)	(921)	18,863
Income tax credits/(expense)	**259**	(112)	(145)	(2,587)
(Loss)/profit for the year	**(24,853)**	(25,472)	(1,066)	16,276
Other comprehensive (loss)/income	**212**	136	(68)	(216)
Total comprehensive (loss)/income for the year	**(24,641)**	(25,336)	(1,134)	16,060
(Loss)/profit for the year attributable to				
owner of the Company	**(24,853)**	(25,472)	(1,066)	10,276
Non-controlling interests	**—**	—	—	—
	(24,853)	(25,472)	(1,066)	10,276
Total comprehensive (loss)/income for the year attributable to:				
Owners of the Company	**(24,641)**	(25,336)	(1,134)	16,060
Non-controlling interests	**—**	—	—	—
	(24,641)	(25,336)	(1,134)	16,060

ASSETS AND LIABILITIES

	As at 31 December			
	2021 HK$'000	2020 HK$'000	2019 HK$'000	2018 HK$'000
Total assets	**64,246**	92,830	119,314	66,505
Total liabilities	**15,981**	19,924	21,072	20,548
Net assets	**48,265**	72,906	98,242	45,957
Equity attributable to:				
Owners of the Company	**48,265**	72,906	98,242	45,957
Non-controlling interests	**—**	—	—	—
	48,265	72,906	98,242	45,957