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

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

Stock Code: 1620

Annual Report 2022

CONTENTS

Financial Highlights	2
Corporate Information	3
Chairperson's Statement	4
Management Discussion and Analysis	7
Biographies of the Directors and Senior Management	15
Corporate Governance Report	20
Report of the Directors	30
Independent Auditor's Report	42
Consolidated Statement of Comprehensive Income	47
Consolidated Statement of Financial Position	48
Consolidated Statement of Changes in Equity	50
Consolidated Statement of Cash Flows	51
Notes to the Consolidated Financial Statements	52
Financial Summary	122

FINANCIAL HIGHLIGHTS

	Year ended 31 December		
	2022 **HK$ million**	2021 HK$ million	Increase/ (decrease)
Revenue	**45.8**	55.8	(17.9%)
Gross profit	**22.5**	16.6	35.5%
Loss for the year	**(13.8)**	(75.8)	(81.8%)
Non-IFRSs measures:			
Adjusted loss for the year (unaudited) (Note)	**(13.8)**	(44.3)	(68.8%)
Basic and diluted losses per share (HK cents)	**(1.2)**	(6.3)	(81.0%)
Proposed final dividend per share (HK cents)	**—**	—	—

Note: Adjusted loss for the year ended 31 December 2021 refers to loss for the year (i) add back provision of Departure and Deemed Disposition Taxes, and (ii) less deferred income tax credit recognised in income tax expenses for non-capital loss carryforward. The adjusted loss for the year is solely for reference. It is a non-IFRSs measures not intended to be considered in isolation or as substitute for the financial information prepared and presented in accordance with IFRSs. Shareholders of the Company and potential investors are encouraged to review the financial information of the Group in its entirety.

	As at **31 December** **2022** **HK$ million**	As at 31 December 2021 HK$ million	Increase/ (decrease)
Total assets	**133.0**	155.4	(14.4%)
Shareholders' equity	**47.8**	64.5	(25.9%)
Current ratio and quick ratio (times)	**1.1**	1.1	—
Gearing Ratio (%)	**8.4**	6.4	31.3%

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

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

Non-executive Director

Mr. Liu Jiefeng

Independent Non-executive Directors

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

COMPANY SECRETARY

Mr. Chow Kai Yu *(HKICPA)*

AUTHORISED REPRESENTATIVES

Dr. Kou Chung Yin Mariana
Mr. Chow Kai Yu

REGISTERED OFFICE

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

HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

PRINCIPAL PLACE OF BUSINESS IN CANADA

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

HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

AUDITOR

BDO Limited
Certified Public Accountants
Registered Public Interest Entity Auditor

LEGAL ADVISERS AS TO HONG KONG LAW

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

PRINCIPAL BANKERS

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

STOCK CODE

1620

WEBSITE

www.cighl.com

CHAIRPERSON'S STATEMENT

Dear Shareholders,

On behalf of the board (the "**Board**") of directors (the "**Directors**") of Cinese International Group Holdings Limited (the "**Company**"), I am pleased to announce the audited consolidated annual results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2022 (the "**Year**").

BUSINESS REVIEW

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

The Group's performance in 2022 continued to be impacted by the coronavirus disease 2019 ("**COVID-19**") pandemic, but to a lesser extent as compared to 2021. There was a continuous recovery of the travel industries with increasing rate of vaccination and relaxation of travel restrictions worldwide, and the Group recorded an increase in transaction volume and revenue for its air ticket distribution services and travel business process management services for the Year, as compared to 2021. The Group also leveraged its knowledge and experience from being a travel services provider to explore new business opportunities and had entered into a non-legally binding memorandum of understanding in early 2022 with a travel services provider in the Guangdong-Hong Kong-Macao Greater Bay Area ("**Greater Bay Area**") in relation to potential travel business cooperation. The Group commenced its cooperation with the said travel services provider in September 2022 for the provision of travel-related services in the Greater Bay Area and further developed its business operations in the Greater Bay Area since 2023 following the ease of the COVID-19 pandemic. Accordingly, the Group expects to generate revenue therefrom for the travel products and services segment in 2023.

The total revenue of the Group decreased by approximately HK$10.0 million or approximately 17.9%, from approximately HK$55.8 million for the year ended 31 December 2021 to approximately HK$45.8 million for the Year, which was mainly due to the decrease in revenue generated from the other business process management segment, partially offset by the increase in revenue generated from the air ticket distribution segment and travel business process management segment. The gross profit of the Group increased by approximately HK$5.9 million or approximately 35.5%, from approximately HK$16.6 million for the year ended 31 December 2021 to approximately HK$22.5 million for the ended 31 December 2022. The overall gross profit margin of the Group increased by approximately 19.5 percentage points, from approximately 29.7% for the year ended 31 December 2021 to approximately 49.2% for the Year, which was primarily attributable to the increase in gross profit margin of the air ticket distribution segment.

Air Ticket Distribution

Air ticket distribution business segment experienced a remarkable recovery in 2022, despite the continued impact of the COVID-19 pandemic. Segment revenue increased by approximately 54.1% or approximately HK$4.0 million from approximately HK$7.4 million for the year ended 31 December 2021, to approximately HK$11.4 million for the Year. Such increase was mainly attributable to the increase in transaction volume of air tickets sales and gross sales proceeds generated from air tickets sales, primarily due to the continuous recovery of the travel industries with increasing rate of vaccination and relaxation of travel restrictions worldwide. As one of the International Air Transport Association (IATA) accredited travel agents in Canada and one of the Airlines Reporting Corporation (ARC) accredited travel agents in the United States, the Group is qualified to obtain ticketing authority to issue air tickets of all available flights (origins and destinations) on behalf of IATA member airlines and ARC member airlines and secure private fare deals directly from them. As at 31 December 2022, the Group had ticketing authority for more than 150 airlines and private fare deals with around 70 airlines, including top airlines based in Canada, the United States and the People's Republic of China ("**China**" or "**PRC**") .

Travel Business Process Management

The Group continued to provide a range of travel business process management including air ticket transaction processing, customer contact, BSP/ARC settlement and reconciliation, software development and travel licensing, compliance and other administrative matters to its customers. Segment revenue increased by approximately 23.1% or approximately HK$6.0 million, from approximately HK$26.0 million for year ended 31 December 2021, to approximately HK$32.0 million for the Year. Such increase was mainly attributable to the increase in transaction volume as a result of the continuous recovery of the travel industries from the COVID-19 pandemic with increasing rate of vaccination and relaxation of travel restrictions worldwide. The management will continue to expand the Group's customer base by initiating sales efforts targeting travel agents that share similar profile and market positioning as its existing customers.

Other Business Process Management

By leveraging the knowledge and experience from travel business process management segment, the Group has started to provide business process management services to a healthcare company in Canada in relation to COVID-19 tests in the airports in Canada since the second half of 2021, where a range of business process management services including translation, customer contact, software support and other administrative services was provided by the Group. Segment revenue decreased by approximately 89.7% or approximately HK$20.0 million from approximately HK$22.3 million for the year ended 31 December 2021, to approximately HK$2.3 million for the Year. Such decrease was mainly due to the Group provided less business process management services during the Year as there was a reduction in testing requirement for international travellers in Canada following the ease of the COVID-19 pandemic. Going forward, the management will continue to explore business opportunities for its other business process management segment.

Travel Products and Services

The Group had temporarily suspended the provision of its outbound package tours due to the outbreak of COVID-19 pandemic and travel restrictions across the world. Therefore, no segment revenue from travel products and services was reported for the year ended 31 December 2021 and the Year. That said, taking into account the continuous recovery of the travel industries following the ease of the COVID-19 pandemic and the fact that the Group has resumed providing package tours in the first quarter of 2023, the travel products and services segment is expected to revive and generate revenue for the Group going forward.

CHAIRPERSON'S STATEMENT

DIVIDENDS

In order to retain more cash to finance the working capital requirements and future development of the Group, the Board does not recommend the payment of final dividend for the Year (2021: nil). The Board will consider future dividend distribution in due course according to the Company's dividend policy.

FUTURE PROSPECT

Air travel demand is off to a very healthy start in 2023, which bodes well for the continued and steady recovery from the COVID-19 pandemic. It is expected that the airline, travel and tourism industries worldwide would be gradually recovered with steady demand for travel and increasing flight number. In addition to more countries relaxing or even cancelling their quarantine restrictions, airlines of different countries are increasing their number of destinations and passenger demand and bookings are also on the rise. In particular, the Group has resumed providing package tours in the first quarter of 2023. The Group therefore believes that the travel industries as a whole are improving, which will in turn create business opportunities for the Group.

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

APPRECIATION

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

On behalf of the Board

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

Hong Kong, 31 March 2023

FINANCIAL REVIEW

REVENUE

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

	Year ended 31 December			
	2022		2021	
	HK$'000	%	HK$'000	%
Air ticket distribution	11,430	25.0	7,445	13.3
Travel business process management	32,027	70.0	26,041	46.7
Other business process management	2,320	5.0	22,336	40.0
Travel products and services	—	—	—	—
Total	45,777	100.0	55,822	100.0

The Group's revenue decreased by approximately HK$10.0 million or approximately 17.9%, from approximately HK$55.8 million for the year ended 31 December 2021 to approximately HK$45.8 million for the year ended 31 December 2022. Such decrease was mainly attributable to decrease in revenue generated from the other business process management segment due to a reduction in testing requirement for international travellers in Canada from 2022 following the ease of the COVID-19 pandemic, partially offset by the increase in revenue generated from the air ticket distribution segment and travel business process management segment.

Air Ticket Distribution

The revenue from air ticket distribution segment increased by approximately HK$4.0 million, or approximately 54.1%, from approximately HK$7.4 million for the year ended 31 December 2021, to approximately HK$11.4 million for the year ended 31 December 2022. Such increase in revenue was mainly due to an increase in transaction volume of air tickets sales and gross sales proceeds generated from air tickets sales as a result of the continuous recovery of the travel industries with increasing rate of vaccination and relaxation of travel restrictions worldwide.

Travel Business Process Management

The revenue from travel business process management segment increased by approximately HK$6.0 million or approximately 23.1%, from approximately HK$26.0 million for the year ended 31 December 2021 to approximately HK$32.0 million for the year ended 31 December 2022. Such increase in revenue was mainly due to an increase in transaction volume of travel business process management services, which was in turn attributable to the continuous recovery of the travel industries with increasing rate of vaccination and relaxation of travel restrictions worldwide.

Other Business Process Management

The revenue from other business process management segment decreased by approximately HK$20.0 million or approximately 89.7%, from approximately HK$22.3 million for the year ended 31 December 2021 to approximately HK$2.3 million for the year ended 31 December 2022. Such decrease was mainly due to the Group provided less business process management services during the year ended 31 December 2022 as there was a reduction in testing requirement for international travellers in Canada following the ease of the COVID-19 pandemic.

Travel Products and Services

The Group had temporarily suspended the provision of its outbound package tours due to the outbreak of COVID-19 pandemic and travel restrictions across the world. Therefore, no segment revenue from travel products and services was reported for the years ended 31 December 2021 and 2022.

GROSS PROFIT AND GROSS PROFIT MARGIN

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

	For the year ended 31 December			
	2022		2021	
	Gross profit HK$'000	**Gross profit margin %**	Gross profit HK$'000	Gross profit margin %
Air ticket distribution	**6,742**	**59.0**	1,709	23.0
Travel business process management	**15,366**	**48.0**	12,629	48.5
Other business process management	**419**	**18.1**	2,249	10.1
Travel products and services	**—**	**—**	—	—
Total	**22,527**	**49.2**	16,587	29.7

The gross profit of the Group increased by approximately HK$5.9 million or approximately 35.5%, from approximately HK$16.6 million for the year ended 31 December 2021 to approximately HK$22.5 million for the year ended 31 December 2022, primarily attributable to an increase in revenue generated from the Group's travel business process management services and air ticket distribution services, which have higher gross profit margins. The said increase in revenue was primarily attributable to the continuous recovery of the travel industries with increasing rate of vaccination and relaxation of travel restrictions worldwide.

The overall gross profit margin of the Group increased by approximately 19.5 percentage points, from approximately 29.7% for the year ended 31 December 2021 to approximately 49.2% for the year ended 31 December 2022, which was primarily attributable to the increase in the gross profit margin of the air ticket distribution segment.

Air Ticket Distribution

The gross profit attributable to the air ticket distribution segment increased by approximately HK$5.0 million or approximately 294%, from approximately HK$1.7 million for the year ended 31 December 2021 to approximately HK$6.7 million for the year ended 31 December 2022, which was in line with the increase in the transaction volume of air tickets sales and the corresponding increase in gross sales proceeds as a result of the continuous recovery of the travel industries with increasing rate of vaccination and relaxation of travel restrictions worldwide. The gross profit margin for the air ticket distribution segment increased by approximately 36.0 percentage points from approximately 23.0% for the year ended 31 December 2021 to approximately 59.0% for the year ended 31 December 2022, which was primarily attributable to a greater proportional increase in segment revenue than segment cost of sales.

Travel Business Process Management

The gross profit attributable to the travel business process management segment increased by approximately HK$2.8 million or approximately 22.2%, from approximately HK$12.6 million for the year ended 31 December 2021 to approximately HK$15.4 million for the year ended 31 December 2022, which was in line with the increase in revenue of the travel business process management segment. The gross profit margin for the travel business process management segment slightly decreased by approximately 0.5 percentage points from approximately 48.5% for the year ended 31 December 2021 to approximately 48.0% for the year ended 31 December 2022, which was mainly due to the greater proportional increase in segment cost of sales than segment revenue.

Other Business Process Management

The gross profit attributable to the other business process management segment decreased by approximately HK$1.8 million or approximately 81.8%, from approximately HK$2.2 million for the year ended 31 December 2021 to approximately HK$0.4 million for the year ended 31 December 2022, which was in line with the decrease in segment revenue as there was a reduction in testing requirement for international travellers in Canada following the ease of the COVID-19 pandemic.

The gross profit margin attributable to other business process management segment was approximately 18.1% for the year ended 31 December 2022 and 10.1% for the year ended 31 December 2021. The lower segment gross profit margin as compared to the travel business process management segment was mainly due to (i) the fact that the business process management services provided were mainly customer contact services and administrative services, which involved higher labour cost; and (ii) lower markup for the development of new business segment and new customer back in 2021.

Travel Products and Services

There was no gross profit attributable to travel products and services segment for the year ended 31 December 2022 (2021: nil), as no segment revenue was reported.

Other Income

Other income decreased by approximately HK$12.6 million or approximately 88.7% from approximately HK$14.2 million for the year ended 31 December 2021 to approximately HK$1.6 million for the year ended 31 December 2022, primarily because the Group no longer receives wage subsidies from the Canada Emergency Wage Subsidy Program as a result of its recovering business operations.

Selling Expenses

The selling expenses decreased by approximately HK$2.9 million or approximately 44.6%, from approximately HK$6.5 million for the year ended 31 December 2021 to approximately HK$3.6 million for the year ended 31 December 2022, which was mainly due to closure of the Group's retail branches in Canada under its travel products and services segment.

Administrative Expenses

The administrative expenses decreased by approximately HK$2.1 million or approximately 4.8%, from approximately HK$43.3 million for the year ended 31 December 2021 to approximately HK$41.2 million for the year ended 31 December 2022. Such decrease was mainly due to the one-off legal and professional fee incurred in 2021 for the unconditional mandatory cash offer to acquire all the issued shares of the Company which took place in 2021.

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

The ECLs allowance on financial assets changed from provision of ECLs allowance of approximately HK$39.3 million for the year ended 31 December 2021 to reversal of ECLs allowance of approximately HK$4.0 million for the year ended 31 December 2022. Such turnaround of approximately HK$43.3 million was mainly attributable to the fact that, (i) as compared to 2021, the balance of trade and other receivables that was subject to additional ECLs allowance was lower for 2022, such that a lower amount of additional ECLs allowance had been made for the year ended 31 December 2022; and (ii) improvement in repayment pattern from the Group's debtors in 2022 as compared to 2021 in light of the continuous recovery of the travel industries.

Loss for the Year

The Group's loss for the year decreased by approximately HK$62.0 million or approximately 81.8%, from the loss of approximately HK$75.8 million for the year ended 31 December 2021 to the loss of approximately HK$13.8 million for the year ended 31 December 2022. Such decrease in loss for the year was mainly attributable to the following:

- the increase in the Group's gross profit by approximately HK$5.9 million or approximately 35.5%, from approximately HK$16.6 million for the year ended 31 December 2021 to approximately HK$22.5 million for the year ended 31 December 2022 as discussed in the sub-section headed "Gross profit and gross profit margin" above;
- a turnaround in ECLs allowance on financial assets of HK$43.3 million from provision of ECLs allowance of approximately HK$ 39.3 million for the year ended 31 December 2021 to reversal of ECLs allowance of approximately HK$4.0 million for the year ended 31 December 2022 as discussed in the sub-section headed "ECLs allowance on financial assets" above; and
- there was a one-off net provision of Departure and Deemed Disposition Taxes of approximately HK$31.4 million charged for the year ended 31 December 2021 as income tax expense of the Group as a result of the change in control of the Company on 19 July 2021, whereas no such provision was made for the year ended 31 December 2022,

partially offset by the following:

- the decrease in other income by approximately HK$12.6 million or approximately 88.7% from approximately HK$14.2 million for the year ended 31 December 2021 to approximately HK$1.6 million for the year ended 31 December 2022 as discussed in the sub-section headed "Other income" above.

Non-IFRSs Measures

To supplement the financial information presented in accordance with IFRSs, we also use adjusted loss for the year as non-IFRSs measures, which is not required by, or presented in accordance with IFRSs. The management of the Company believes such non-IFRSs measures facilitates comparison of operating performance from period to period by eliminating potential impacts of items which are not considered to be indicative of the operating performance of the Group. The management of the Company also believes such non-IFRSs measures would provide useful information to Shareholders and potential investors in understanding and evaluating the consolidated statement of comprehensive income of the Group in the same manner as the management of the Company. Having said the above, the presentation of non-IFRSs measures is not intended to be considered in isolation or as substitute for the financial information prepared and presented in accordance with IFRSs. Such non-IFRSs measures has limitations as analytical tool and such non-IFRSs measures may differ from the non-IFRSs measures used by other companies, and therefore the comparability of such information may be limited. Shareholders and potential investors are encouraged to review the financial information of the Group in its entirety.

Reconciliation of loss for the year to adjusted loss for the year:

	Year ended 31 December	
	2022	2021
	HK$'000	HK$'000
Loss for the year	**(13,802)**	(75,768)
Add:		
Departure and Deemed Disposition Taxes (Note)	**–**	39,732
Less:		
Deferred income tax credit recognised in income tax expenses (Note)	**–**	(8,281)
Adjusted loss for the year (unaudited)	**(13,802)**	(44,317)

Note: For the year ended 31 December 2021, a provision of Departure and Deemed Disposition Taxes of approximately HK$39.7 million was charged as income tax expense of the Group as a result of the change in control of the Company on 19 July 2021, while a deferred income tax credit of approximately HK$8.3 million derived from non-capital loss carryforward was recognised in income tax expense of the Group. For details, please refer to the annual results announcement for the year ended 31 December 2021 of the Company dated 31 March 2022, and the annual report of the Company for the year ended 31 December 2021.

Excluding the provision of Departure and Deemed Disposition Taxes which is non-recurring in nature, and the deferred income tax credit for the year ended 31 December 2021, the Group's adjusted loss for the year decreased by approximately HK$30.5 million or approximately 68.8% from adjusted loss of approximately HK$44.3 million for the year ended 31 December 2021 to adjusted loss of approximately HK$13.8 million for the year ended 31 December 2022.

FINANCIAL RESOURCES, LIQUIDITY AND CAPITAL STRUCTURE

During the year ended 31 December 2022, the Group's primary source of funding included its own working capital, the net proceeds from the listing and the credit facilities provided by the Group's principal bank in Canada.

Net cash used in operating activities was approximately HK$11.2 million for the year ended 31 December 2022, as compared with net cash generated from operating activities of approximately HK$15.6 million for the year ended 31 December 2021. Such turnaround was primarily due to the Group's settlement of trade payables during the year ended 31 December 2022, partially offset by the settlement of trade receivables by the Group's customers during the same period. Net cash generated from investing activities was approximately HK$10.4 million for the year ended 31 December 2022, as compared with net cash generated from investing activities of approximately HK$3.3 million for the year ended 31 December 2021. Net cash used in financing activities for the year ended 31 December 2022 was approximately HK$1.7 million, as compared with net cash used in financing activities of approximately HK$0.3 million for the year ended 31 December 2021.

As at 31 December 2022, the Group's cash and cash equivalents amounted to approximately HK$43.8 million, representing a decrease of approximately 10.1% from approximately HK$48.7 million as at 31 December 2021.

The Group's gearing ratio is calculated based on total debt divided by the shareholders' equity at the end of the financial year and multiplied by 100%. As at 31 December 2022, the Group's gearing ratio was approximately 8.4% (2021: 6.4%). The gearing ratio increased by approximately 2.0 percentage points, from approximately 6.4% for the year ended 31 December 2021 to approximately 8.4% for the year ended 31 December 2022. Taking into consideration the Group's current bank balances and cash, together with the credit facilities available and the expected cash flow from operations, it is anticipated that the Company should have adequate financial resources to meet its ongoing operating and development requirements.

Interests in Joint Ventures

As at 31 December 2022, the Group's interests in joint ventures was nil, as compared to the interests in joint ventures of approximately HK$9.4 million as at 31 December 2021. Such decrease in interests in joint ventures was attributable to the disposal of the Group's entire equity interest in Triplabs (BVI) Limited ("**Triplabs**") at a consideration of approximately HK$9.23 million ("**Disposal**"), which was completed on 4 August 2022. Upon completion of the Disposal, the Group ceased to hold any interest in Triplabs and Triplabs ceased to be accounted as a joint venture of the Group. For further details, please refer to the announcement of the Company dated 4 August 2022.

Net Current Assets

As at 31 December 2022, the Group had net current assets of approximately HK$4.2 million as compared with the net current assets of approximately HK$6.8 million as at 31 December 2021.

BORROWINGS

As at 31 December 2022, the Group had interest-free borrowings from the Government of Canada under the Regional Economic Growth Through Innovation program of approximately HK$4.0 million (2021: HK$4.2 million), which were denominated in Canadian dollars. The Directors expect that such borrowings will either be repaid by internally generated funds or continue to provide funding to the Group's operations.

Treasury Policies

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

EVENT AFTER THE REPORTING PERIOD

There are no significant events subsequent to the end of the reporting period which would materially affect the Group's operating and financial performance as at the date of this report.

FOREIGN EXCHANGE RISKS

The Group has foreign currency exposures that mainly arise from the balance of assets and liabilities in currencies other than the respective group companies' functional currency. The Group's policy requires the management to control the Group's foreign exchange risk to an acceptable level by ensuring that the Group is able to obtain sufficient amount of USD at acceptable exchange rate for meeting the payment obligations arising from business operations. A net foreign exchange gain of approximately HK$2.3 million was recorded for the year ended 31 December 2022 and exchange loss of approximately HK$0.2 million was recorded for the year ended 31 December 2021.

During the year ended 31 December 2022, the Group did not engage in any derivatives activities and did not commit to any financial instruments to hedge its exposure to foreign currency risk.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2022, the Group had a total of 70 employees as compared to 143 employees as at 31 December 2021. The total staff costs incurred by the Group for the year ended 31 December 2022 were approximately HK$46.3 million as compared to approximately HK$51.6 million for the year ended 31 December 2021. The Group will regularly review its remuneration policy and the benefits to its employees with reference to market practice and the performance of individual employees. In addition, the Company has adopted a share option scheme on 7 May 2018 to attract and retain individuals with experience and ability and to reward them for their contributions. For details, please refer to the sub-section headed "Share option scheme" below and the section headed "Report of the Directors — Share option scheme" below.

MATERIAL ACQUISITION, DISPOSAL AND SIGNIFICANT INVESTMENTS

During the year ended 31 December 2022, other than the disposal of joint venture as discussed in the sub-section headed "Interests in Joint Ventures" above, no other significant investments, material acquisition and disposal of subsidiaries, associates or joint ventures were conducted by the Group.

PLEDGE OF ASSETS

As at 31 December 2022, the Group had government bond issued by the Canadian government of approximately HK$1.4 million (31 December 2021: HK$1.5 million). The bond is held as a security pledge for the operating permits required under the Quebec Travel Agents Act by the Québec L'Office de la protection du consommateur. The interest rate for the bond is 1.8% with a maturity date of 21 March 2023.

CONTINGENT LIABILITIES

As at 31 December 2022, the Group did not have any material contingent liabilities or guarantees.

SHARE OPTION SCHEME

The Company has adopted a share option scheme on 7 May 2018 (the "**Share Option Scheme**"). Other than the Share Option Scheme, the Group has no share schemes under Chapter 17 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). The Share Option Scheme is designed to motivate eligible participants, including executives and key employees, who may make a contribution to the Group, and enables the Group to attract and retain individuals with experience and ability and to reward them for their contributions. Since the adoption of the Share Option Scheme and up to the date of this report, no share options has been granted, exercised, lapsed or cancelled under the Share Option Scheme. There were 120,000,000 share options available for grant as at both 1 January 2022 and 31 December 2022, as no share options had been granted during the Year. For further details of the Share Option Scheme, please refer to the section headed "Report of the Directors — Share option scheme" below.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in the prospectus of the Company dated 15 June 2018 (the "**Prospectus**"), the Group did not have plans for material investments and capital assets as at 31 December 2022.

USE OF PROCEEDS FROM THE LISTING

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

An analysis of the utilisation of the net proceeds from the listing date up to 31 December 2022 is set out below:

Use of net proceeds	Net proceeds from the share offer HK$ million	Actual utilisation up to 31 December 2022 HK$ million	Unutilised amounts as at 31 December 2022 HK$ million	Expected year of full utilisation of remaining balance
Repayment of bank borrowings	21.5	21.5	—	—
Expansion of air ticket distribution business	13.4	1.0	12.4	2024
Upgrade the information technology infrastructure	6.7	4.8	1.9	2023
Expansion the travel business process management business	6.9	6.9	—	—
Advertising and promotion	1.2	0.9	0.3	2023
	49.7	35.1	14.6	

As at 31 December 2022, the net proceeds received from the listing had been, and will be used in the manner consistent with that disclosed in the Prospectus.

BIOGRAPHIES OF THE DIRECTORS AND SENIOR MANAGEMENT

BOARD OF DIRECTORS

Mr. Liu Xue Bin ("Mr. Liu"), aged 50, was appointed as our executive Director on 19 July 2021. Mr. Liu is responsible for overall strategic planning and business development of our Group. Mr. Liu is a recognised educator, philanthropist and entrepreneur. He is a co-founder and currently a director of Guangdong Guangzheng Educational Group Co., Ltd* (廣東光正教育集團有限公司), a company which principally engages in the provision of premium primary and secondary education in the PRC. He is also an executive director and one of the controlling shareholders of Wisdom Education International Holdings Company Limited (光正教育國際控股有限公司) (HKSE: 6068), an education group listed on the Main Board of the Stock Exchange which currently principally engages in the school-related supply chain business and provision of comprehensive educational services to students of primary, middle and high schools and other customers in the PRC, since June 2016. Mr. Liu also holds interest in other companies that are engaged in other businesses, including but not limited to, real estate, construction, healthcare, hotel and tourism in the PRC.

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

Dr. Kou Chung Yin Mariana ("**Dr. Kou**"), aged 38, was appointed as our executive Director on 19 July 2021 and is responsible for overseeing the operations, strategic management, finance functions and business development of our Group. She is also the chairperson of the Board and chief executive officer of the Company. Prior to joining our Group, she was the chief executive officer of Research Study Education Group, a company that provides overseas education services to students in the Greater Bay Area and an award-winning equity research analyst specializing in the China education industry and the global luxury goods sector. From May 2010 to November 2019, she was employed at CLSA Limited, a company that provides corporate finance and asset management services, with her last position before departure the Head of China Education and Hong Kong Consumer Research, where she was involved in 12 consumer and education business related IPOs.

Since December 2021, Dr. Kou has served as independent non-executive director at Aetherium Acquisition Corp., a special purpose acquisition company with an intention to focus on businesses in the education, training and education technology industries, which is listed on NASDAQ (NASDAQ Ticker: GMFIU). Dr. Kou also currently acts as an external adviser to the board directors of EdTechX Holdings Acquisition Corp. II, a special purpose acquisition company targeting businesses in the eduction, training, re-skilling, human capital and education technology industries, which is listed on NASDAQ (NASDAQ Ticker: EDTXU).

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

BIOGRAPHIES OF THE DIRECTORS AND SENIOR MANAGEMENT

NON-EXECUTIVE DIRECTOR

Mr. Liu Jiefeng ("**Mr. Liu**"), aged 31, was appointed as our non-executive Director on 19 July 2021. Mr. Liu Jiefeng is the deputy manager of Andres International Education Group* (安德列斯教育集團), an education group that provides nursery programmes in the PRC, since April 2019, where he is primarily responsible for formulating the annual investment plan and overseeing the daily operations of kindergartens that are operated by the group. Prior to joining Andres International Education Group, from November 2014 to March 2016, Mr. Liu Jiefeng was a chairman assistant at Dongguan Fuying Real Estate Development Co., Ltd* (東莞市富盈房地產開發有限公司), a PRC based property developer, where he was responsible for the liaison with and coordination between different departments within the group. From March 2014 to October 2014, Mr. Liu Jiefeng was a general manager's assistant at Dongguan Fuying Hotel Management Co., Ltd.* (東莞市富盈酒店管理有限公司), where he was principally responsible for assisting the general manager on the day-to-day business operations. Mr. Liu Jiefeng obtained his master's degree in business administration from City University in Malaysia in 2019.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Fong Wai Bun Benny ("**Mr. Fong**"), aged 49, was appointed as an independent non-executive Director of our Company on 19 July 2021. Mr. Fong is the director of corporate finance at I.T. Limited, a Hong Kong company that is engaged in the retailing of fashion apparels and accessories, since August 2011, where he is primarily responsible for overseeing the corporate finance and strategic development of the group. From May 2008 to May 2011, he was the portfolio manager at Adept Capital Partners, a Hong Kong based boutique investment firm, where he was responsible for formulating and managing the investment portfolio of a number of funds, and risk analysis.

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

Ms. Kwan Ka Yee ("**Ms. Kwan**"), aged 42, was appointed as an independent non-executive Director of our Company on 19 July 2021. Ms. Kwan is the finance and operation director of Voyager Capital Limited, a Hong Kong based private equity firm that provides investment management and advisory services, since July 2019, where Ms. Kwan is primarily responsible for overseeing the daily operations, formulating budget and performance measures, and preparation of the firm's audit and tax filing matters. From April 2015 to May 2018, Ms. Kwan was the finance director at Lombard Odier (Hong Kong) Limited, an investment advisor that provides wealth management services for private and institutional clients in Asia, where Ms. Kwan was responsible for formulating budget and performance measures for Asia. From June 2012 to August 2014, Ms. Kwan was the controller at the finance team of Lombard Odier Asset Management (USA) Corporation, an investment management company based in the United States that offers asset management, equities, financial planning and advisory services, where she was responsible for managing the finance function of the company including reviewing the funds' performance and preparing year-end audit. From June 2012 to August 2014, Ms. Kwan was an assistant controller at M.D. Sass Investors Services, Inc., an asset management firm in New York, where she was mainly responsible for reviewing year-end financial statements and the investment portfolios of various funds. From October 2008 to April 2010, Ms. Kwan was the accounting manager of finance department at Apax Partners, a private equity firm, where she was responsible for preparing quarterly and year-end balances and financial statements for private equity funds.

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

Ms. Suen Yin Wah Chloe ("Ms. Suen"), aged 40, was appointed as an independent non-executive Director of our Company on 19 July 2021. Ms. Suen is the vice chairman and chief executive officer at ASL Group, a company with a diversified investment portfolio in Asia and where she is primarily responsible for all investments and operations. She is also the chairman of Simon Suen Foundation, a charitable organization in Hong Kong that promotes Chinese arts and culture and operates the Sun Museum. She is a member of the Court at Hong Kong Baptist University and serves on multiple school boards in Hong Kong and the United States.

Name of the entities/ governmental appointments	Position	Period
Hong Kong Arts Development Council	Member	From January 2023 to present
Museum Advisory Committee	Member	From October 2022 to present
Sha Tin Arts and Culture Promotion Committee	Vicechairperson	From July 2020 to present
Appeal Board Panel (Gas Safety)	Member	From August 2018 to present
Advisory Committee on Built Heritage Conservation	Member	From May 2018 to present
Appeal Board Panel (Consumer Goods Safety)	Member	From October 2017 to present
Intangible Cultural Heritage Advisory Committee	Member	From January 2019 to present
The 13th Guangxi Zhuang Autonomous Region Committee of the Chinese People's Political Consultative Conference* (中國人民政治協商會議第十三屆廣西壯族自治區委員會)	Committee Member	From January 2023 to present

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

SENIOR MANAGEMENT

Mrs. Rita Pik Fong Tsang ("**Mrs. Tsang**"), aged 69, is one of the founders of our Group. Mrs. Tsang successively served as vice president, president and chief executive officer, and chairperson of our subsidiaries Tour East Holidays (Canada) Inc. ("**Tour East Canada**") and Tour East Holidays (New York) Inc. ("**Tour East New York**"), respectively, since their establishments, and has been primarily responsible for their overall management. Mrs. Tsang has over 40 years of experience in the travel and tourism industry through managing the operations of our Group since its inception in 1976. Mrs. Tsang obtained her Bachelor of Arts degree in general studies from University of Toronto in Canada in June 1978.

BIOGRAPHIES OF THE DIRECTORS AND SENIOR MANAGEMENT

Ms. Annie Shuk Fong Tsu (also known as Shuk Fong Anne Tsu) ("**Ms. Tsu**"), aged 61, joined our Group in January 1983 as a travel consultant of Tour East Canada and was responsible for sales and marketing. She successively served various positions in Tour East Canada, including vice president overseeing marketing from September 1992 to December 2000, executive vice president overseeing marketing and information technology from September 2001 to December 2009, president in charge of sales and overall operations from December 2010 to April 2017, and president and chief executive office overseeing the operations and management of Tour East Canada since May 2017. Since January 1992, Ms. Tsu also successively served as vice president and executive vice president of Tour East New York, and has been serving as its president and chief executive officer overseeing its operations and management since December 2015. Ms. Tsu was awarded Ernst & Young Entrepreneur of the Year Award in tourism and hospitality in Ontario in 2010. Ms. Tsu attended University of Toronto in Canada from September 1980 to 1982.

Mr. Anthony Kin Fai Chiu ("**Mr. Chiu**"), aged 62, joined our Group as a financial controller in August 2014 and is currently the chief financial officer of Tour East Canada where he is primarily responsible for accounting organization, financial planning, tax planning and treasury in Canada. Mr. Chiu has over 25 years experience in auditing, accounting and finance fields. Prior to joining our Group, from November 2006 to November 2012, he served as a group financial controller at North China German Auto Ltd., an auto dealership group, where he was primarily responsible for financial, treasury and administration matters. From August 2002 to October 2006, he served as a financial controller at Sime Darby Ltd., an auto dealership group, where he was primarily responsible for financial matters. From December 1997 to July 2002, he served as a financial analysis manager at Tetra Pak Hong Kong, a company principally engaged in food packaging, where he was principally responsible for business and financial analysis. He served as auditor at various accounting firms from August 1991 to November 1997. Mr. Chiu has been an independent non-executive director of Sigma Equity VA Fund since December 2015.

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

Ms. Wendy Law ("**Ms. Law**"), aged 69, joined our Group as a wholesale manager of air reservation unit of Tour East Canada in January 2004 where she was principally responsible for managing wholesale and ticketing operations. Ms. Law was promoted to general manager in August 2006 and further to director of air market where she is principally responsible for overseeing the business operations of retail business unit and air market. Ms. Law has over 30 years experience in travel industry. Prior to joining our Group, from March 2002 to October 2003, Ms. Law served as a director and officer of Travel Unique Inc. From April 1988 to May 2002, Ms. Law successively served as a wholesale sales manager and wholesale operations manager of Jade Tours, a company principally engaged in the provision of travel services, where she was primarily responsible for provision of travel arrangements to retail and corporate customers. From February 1976 to July 1986, Ms. Law worked at Cathay Pacific Airways Limited and last served as a senior purser. She was qualified as a flight attendant on Worldways Canada Ltd. in May 1987. Ms. Law obtained her high school education from St. Margaret's Girls College in Hong Kong from September 1965 to July 1970.

COMPANY SECRETARY

Mr. Kai Yu Chow ("**Mr. Chow**"), aged 41, was appointed as our company secretary on 15 September, 2017. Mr. Chow joined our Group in July 2017 and is currently the chief financial officer of our Group. Prior to joining our Group, from September 2014 to June 2017, Mr. Chow served successively as an assistant finance manager and finance manager at Chim Kee Machinery Co., Ltd., a company primarily engaged in construction machinery business, where he was primarily responsible for overseeing and enhancing the accounting function of company's accounts and finance department. He worked at BDO Limited from May 2009 to September 2014 where he last served as an assistant manager and was primarily responsible for audit service. From August 2008 to April 2009, he served as an assistant in the audit and assurance division of Shu Lun Pan Hong Kong CPA Limited, an accounting firm, where he was responsible for audit service.

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

* *For identification purpose only*

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Company is committed to fulfilling its responsibilities to Shareholders and protecting and enhancing Shareholders' value through good corporate governance. The Directors recognise the importance of incorporating elements of good corporate governance in the management structures, internal control and risk management procedures of the Group so as to achieve effective accountability. The Company's corporate governance practices are based on the principles (the "**Principles**") and code provisions (the "**Code Provisions**") in the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Listing Rules.

The Company has adopted and complied with all applicable code provisions as set out in the CG Code (other than provision C.2.1) for the year ended 31 December 2022 and thereafter up to the date of this report.

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

BOARD OF DIRECTORS

Responsibilities

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

Composition

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

The composition of the Board is currently as follows:

Executive Directors	Dr. Kou Chung Yin Mariana (Chairperson and Chief Executive Officer) Mr. Liu Xue Bin
Non-executive Director	Mr. Liu Jiefeng
Independent Non-executive Directors	Mr. Fong Wai Bun Benny Ms. Suen Yin Wah Chloe Ms. Kwan Ka Yee

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

Responsibilities of executive Directors

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

Responsibilities of independent non-executive Directors

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

Throughout the year ended 31 December 2022, the Company had three independent non-executive Directors, which met the requirements of the Listing Rules that the number of independent non-executive Directors must represent at least one-third of the Board and should not be less than three, and that at least one of the independent non-executive Directors has appropriate professional qualifications or accounting or related financial management expertise.

Each of the independent non-executive Directors has made an annual confirmation of independence in writing pursuant to Rule 3.13 of the Listing Rules and the Board is satisfied that all the independent non-executive Directors have been independent and met the independence guidelines set out in Rule 3.13 of the Listing Rules during the year ended 31 December 2022 and up to the date of this report.

Remuneration

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

The aggregate amount of remuneration (including salaries, allowances, discretionary bonuses, other benefits and contributions to pension schemes) paid or payable to our senior management for the year ended 31 December 2022 was approximately HK$4.9 million.

The remuneration of the Directors is determined with reference to salaries paid by comparable companies, time commitment and responsibilities of the Directors and performance of the Group. Details of the remuneration of the Directors for the year ended 31 December 2022 are set out in note 9 to the consolidated financial statements in this report. In addition, pursuant to Code Provision E.1.5 of the CG Code, the annual remuneration of members of the senior management (excluding Directors) by band for the year ended 31 December 2022 is set out below:

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

Directors' induction and continuing professional development

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

The Company will from time to time provide briefings to all Directors to develop and refresh their duties and responsibilities by providing them materials relating to duties and responsibilities of directors of a listed company in Hong Kong and the requirements of the Listing Rules and other applicable laws and regulations. Each of the Directors, namely, Dr. Kou Chung Yin Mariana, Mr. Liu Xue Bin, Mr. Liu Jiefeng, Mr. Fong Wai Bun Benny, Ms. Suen Yin Wah Chloe and Ms. Kwan Ka Yee has participated in continuous professional development during the year ended 31 December 2022. All Directors are also encouraged to attend relevant training courses at the Company's expense to develop and refresh their knowledge and skills as part of their continuous professional development.

Meetings of Board and Board committees and Directors' attendance records

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

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

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

During the year ended 31 December 2022, (A) a total of six Board meetings were held whereat the Board (i) reviewed the unaudited consolidated financial results of the Company for the six months ended 30 June 2022 and the audited consolidated financial results of the Company for the year ended 31 December 2021; (ii) considered and approved the overall strategies and policies of the Group; and (iii) considered and approved the disposal of interests in Joint Ventures; and (B) one annual general meeting was held for the year ended 31 December 2021 in June 2022. The attendance of individual Directors at the Board meetings and general meeting are set out in the following table:

	Attended/Eligible to attend	
Name of Directors	**Board meeting**	**General meeting**
Dr. Kou Chung Yin Mariana *(Chairperson)*	6/6	1/1
Mr. Liu Xue Bin	6/6	1/1
Mr. Liu Jiefeng	6/6	1/1
Mr. Fong Wai Bun Benny	6/6	1/1
Ms. Kwan Ka Yee	6/6	1/1
Ms. Suen Yin Wah Chloe	6/6	1/1

CORPORATE GOVERNANCE FUNCTIONS

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

BOARD COMMITTEES

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

Audit Committee

The Company established an Audit Committee on 7 May 2018 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph D.3 of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The Audit Committee consists of three independent non-executive Directors, being Ms. Kwan Ka Yee (chairperson of the Audit Committee), Mr. Fong Wai Bun Benny and Ms. Suen Yin Wah Chloe. The Audit Committee is chaired by Ms. Kwan Ka Yee. The Audit Committee has reviewed this report, including the audited consolidated financial results of the Group for the year ended 31 December 2022.

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

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

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

Remuneration Committee

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

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

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

During the year ended 31 December 2022, one Remuneration Committee meeting was held whereat the Remuneration Committee has considered and reviewed the terms of employment contracts of the executive Directors and appointment letters of the non-executive Director and the independent non-executive Directors and has assessed the performance of the Directors. The attendance of individual members was set out in the following table:

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

Nomination Committee

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

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

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

During the year ended 31 December 2022, one Nomination Committee meeting was held whereat the Nomination Committee reviewed the structure, size and diversity of the Board and assessed the independence of the independent non-executive Directors. The attendance of individual members was set out in the following table:

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

Board Diversity Policy

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

RISK MANAGEMENT AND INTERNAL CONTROL

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

Main Features of Risk Management and Internal Control Systems

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

Process used to identify, evaluate and manage significant risks

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

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

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

During the year ended 31 December 2022, the Board, through the Audit Committee, has conducted a review of the effectiveness of the risk management and internal control systems of the Group covering all material controls, including financial, operational and compliance controls functions. The Board considers that the Group's risk management and internal control systems are adequate and effective. The Audit Committee also reviews the effectiveness of the actions taken on the recommendations made by the external auditor in this respect, if any. Moreover, an annual review on the need for an internal audit function had been conducted by the Audit Committee and it was unanimously resolved that, in view of the relatively straight-forward business of the Group, there was no impending need for the Company to set up an internal audit function. The Company will keep abreast of any regulatory requirements in this regard and periodic review will be conducted.

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as the code of conduct of the Company regarding Directors' transactions of the listed securities of the Company. The Company has made specific enquiry to all Directors, and all Directors have confirmed that they had complied with the Model Code and its code of conduct during the Year and up to the date of this report.

EXTERNAL AUDITOR AND REMUNERATION

The statement of the Company's auditors about their reporting responsibilities for the consolidated financial statements is set out in the "Independent Auditor's Report" on pages 42 to 46 of this report.

For the year ended 31 December 2022, the remuneration payable or paid to the Company's auditors, BDO Limited, is as follows:

	For the year ended 31 December 2022 HK$'000
Statutory audit services	**1,500**
Others	**816**
	2,316

ACCOUNTABILITY AND AUDIT

The Directors are responsible for overseeing the preparation of the consolidated financial statements which give a true and fair view of the state of affairs of the Group and of the results and cash flow during the reporting period. In preparing the consolidated financial statements for the year ended 31 December 2022, the Directors have selected suitable accounting policies and applied them consistently, made judgments and estimates that are prudent, fair and reasonable and prepared the consolidated financial statements on a going concern basis. There are no material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. A statement from the external auditors about its reporting responsibilities on the consolidated financial statements is set out in the "Independent Auditor's Report" on pages 42 to 46 of this report.

INSIDE INFORMATION POLICY

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

COMPANY SECRETARY

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

SHAREHOLDERS' RIGHTS

Procedures for Shareholders to convene an extraordinary general meeting

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

Putting enquiries by Shareholders to the Board

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

Procedures for Shareholders to put forward proposals at Shareholders' meeting

Currently, there is no provision allowing Shareholders to propose resolutions at the general meetings of the Company under the Memorandum and Articles. In the meantime, Shareholders who wish to propose resolutions may, however, convene an EGM to do so by following the procedures as set out in the sub-section headed "Procedures for Shareholders to convene an extraordinary general meeting" above. The Company will review the Memorandum and Articles and amend the same if necessary to ensure compliance with the requirements under the Listing Rules and other applicable laws and regulations.

INVESTOR RELATIONS

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

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

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

DIVIDEND POLICY

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

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

CONSTITUTIONAL DOCUMENTS

There were no changes in the constitutional documents of the Company during the Year.

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

REPORT OF THE DIRECTORS

REPORT OF THE DIRECTORS

The Board is pleased to present to the Shareholders their report for the year ended 31 December 2022 and the consolidated financial statements as at and for the year ended 31 December 2022.

PRINCIPAL ACTIVITIES

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

BUSINESS REVIEW

Further discussion and analysis of the Group's principal activities as required by Schedule 5 to the Companies Ordinance (Cap. 622 of the Laws of Hong Kong), including a business review of the Group for the Year and an indication of likely future developments in the Group's business, can be found in the Management Discussion and Analysis as set out on pages 7 to 14 of this report.

An analysis of the Group's performance during the year ended 31 December 2022 using financial key performance indicators is provided in the Financial Summary on page 123 of this report. These discussions form part of this directors' report.

PRINCIPAL RISKS AND UNCERTAINTIES

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

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

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

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

The Group recognises the importance of compliance with the requirements of relevant laws and regulations. During the year ended 31 December 2022, as far as the Board and management are aware of, there was no material breach or non-compliance with any applicable laws and regulations by the Group that would have a significant impact on the businesses and operations of the Group.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

The Group is committed to contributing to the sustainability of the environment and has implemented policies to minimise the impact on the environment from its business activities. The Group has implemented recycling program for consumables such as toner, cartridges and paper to minimise the operation impact on the environment and natural resources. The Group has also implemented energy saving practices. The Group endeavours to refine the approach to addressing its environmental, social and ethical responsibilities along with improving its corporate governance in order to generate greater value for all stakeholders. For more information on our environmental, social and governance, please refer to the Group's 2022 Environmental, Social and Governance Report published on 28 April 2023.

RELATIONSHIP WITH STAKEHOLDERS

The Group understands the importance of maintaining a good relationship with its key stakeholders, including its employees, customers and suppliers, to meet its immediate and long-term business goals. During the year ended 31 December 2022, there was no material and significant disputes between the Group and its employees, customers and suppliers.

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

As at 31 December 2022, the Group has a total of 70 employees, of which 28 were male and 42 were female. The management of the Group will continue to monitor and review the gender diversity of the workforce of the Group from time to time and will take appropriate measures to address the same if necessary. Currently, the Group is not aware of any matters which may materially affect the gender diversity of the workforce of the Group.

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

RESULTS AND FINAL DIVIDEND

The results of the Group for the year ended 31 December 2022 and the Group's financial position as at 31 December 2022 are set out in the consolidated financial statements on pages 47 to 49 of this report.

In order to retain more cash to finance the working capital requirements and future development of the Group, the Board does not recommend the payment of final dividend for the year ended 31 December 2022 (31 December 2021: nil). The Board will consider future dividend distribution in due course according to the Company's dividend policy.

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

REPORT OF THE DIRECTORS

ANNUAL GENERAL MEETING

It is proposed that the annual general meeting of the Company (the "**AGM**") will be held on 28 June 2023. The Company will publish an announcement in due course to inform the Shareholders of the place, date and time of the AGM. A notice convening the AGM will be published and despatched to the Shareholders in the manner required by the Company's Memorandum and Articles and the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

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

Latest time to lodge transfers documents for registration....................................4:30 p.m. on Wednesday, 21 June 2023

Closure of register of members (both days inclusive)..........................Friday, 23 June 2023 to Wednesday, 28 June 2023

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

RESERVES

Movements in the reserves of the Group and the Company during the year ended 31 December 2022 are set out in the consolidated statement of changes in equity on page 50 of this report and note 33 to the consolidated financial statements respectively. As at 31 December 2022, the reserves of the Company available for distribution, as calculated under the provision of section 298 of the Companies Ordinance, and in accordance with the applicable laws in the Cayman Islands, was approximately HK$17.7 million inclusive of share premium and retained earnings.

FINANCIAL SUMMARY

A summary of the published results and of the assets, equity and liabilities of the Group for the last five financial years is set out on page 123 of this report.

DIRECTORS

The Directors during the year ended 31 December 2022 and up to the date of this report were:

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

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

Pursuant to Article 109 of the Memorandum and Articles, at each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years.

Dr. Kou Chung Yin Mariana and Mr. Liu Jiefeng will retire from office as Directors at the forthcoming annual general meeting of the Company. All of the aforesaid Directors being eligible, will offer themselves for re-election.

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

DIRECTORS' SERVICE CONTRACTS

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

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

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

DIRECTORS' MATERIAL INTERESTS IN CONTRACTS

Save for those disclosed in this report, no transaction, arrangement or contract of significance to which the Company or its subsidiaries was a party, and in which a Director or an entity connected with a Director had a material interest, subsisted at any time during the year ended 31 December 2022 or as at 31 December 2022.

CONTROLLING SHAREHOLDERS' INTEREST

Save as disclosed in this report, no contracts of significance between the Company or any of its subsidiaries and a controlling Shareholder or any of its subsidiaries for the provision of services to the Company or any of its subsidiaries by a controlling Shareholder or any of its subsidiaries subsisted at any time during the year ended 31 December 2022 or as at 31 December 2022.

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

As at 31 December 2022, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meanings of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "**SFO**")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such director or chief executive is taken or deemed to have under such provision of the SFO) or which were required pursuant to section 352 of the SFO, to be entered in the register of members of the Company, or which were required, pursuant to standard of dealings by Directors as referred to the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

(i) Long Positions in the Company's Shares

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

Notes:

(1) All interests stated are long positions.

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

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

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

Notes:

(1) All interests stated are long positions.

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

Save as disclosed above, as at 31 December 2022, none of the Directors and chief executive of the Company had any other interests or short positions in any Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which were required pursuant to Section 352 of the SFO, to be entered in the register of members of the Company or which were required to be notified to the Company and the Stock Exchange, pursuant to standard of dealings by Directors as referred to the Listing Rules.

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

As at 31 December 2022, the interest and short positions of the persons in the shares and underlying shares of the Company which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO or required to be recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

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

Notes:

(1) All interests stated are held in long positions.

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

Save as disclosed above, as at 31 December 2022, the Company had not been notified by any persons who had interests or short positions in the shares, underlying shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required, pursuant to Section 336 of the SFO, to be recorded in the register referred to therein.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 December 2022.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2022, gross cost of procurement from the Group's largest supplier was approximately 20.9% of the total gross cost of procurement and the aggregate gross cost of procurement from its top five suppliers in aggregate were approximately 50.5% of the total gross cost of procurement.

Gross sales proceeds generated from the Group's largest customer was approximately 51.8% of the total gross sales proceeds and the aggregate gross sales proceeds generated from its top five customers in aggregate were approximately 77.7% of the total gross sales proceeds.

None of the Directors or any of their close associates or any Shareholders who, to the best knowledge of the Directors, own more than 5% of the number of issued share capital of our Company held an interest in any of the five largest suppliers or five largest customers of the Group during the year ended 31 December 2022.

PRE-EMPTIVE RIGHTS

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

SHARE OPTION SCHEME

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

1. Purpose of the Share Option Scheme

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

(i) motivate the Eligible Participants (as defined below) to optimise their performance efficiency for the benefit of the Group; and

(ii) attract and retain or otherwise maintain an on-going business relationship with the Eligible Participants (as defined below) whose contributions are or will be beneficial to the long-term growth of the Group.

2. Participants of the Share Option Scheme

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

(i) any full-time or part-time employees, executives or officers of the Company or any of its subsidiaries;

(ii) any directors (including non-executive directors and independent non-executive directors) of the Company or any of its subsidiaries; and

(iii) any advisers, consultants, suppliers, customers, distributors and such other persons who, in the sole opinion of the Board, will contribute or have contributed to the Company and/or any of its subsidiaries.

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

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

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

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

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

(i) the issue of a circular by the Company containing the identity of the Eligible Participant, the numbers of and terms of the options to be granted (and options previously granted to such participant), the information as required under Rule 17.02(2)(d) of the Listing Rules and the disclaimer required under Rule 17.02(4) of the Listing Rules; and

(ii) the approval of the Shareholders in general meeting and/or other requirements prescribed under the Listing Rules from time to time with such Eligible Participant and his close associates (as defined in the Listing Rules) (or his/her associates if the Eligible Participant is a core connected person) abstaining from voting.

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

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

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

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

7. The basis of determining the exercise price

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

(i) the official closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a day on which the Stock Exchange is open for the business of dealing in securities;

(ii) the average of the official closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and

(iii) the nominal value of a Share.

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

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

9. The remaining life of the Share Option Scheme

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

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

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Other than as disclosed in the sections headed "Directors' and Chief Executive's Interest and Short Positions in Shares, Underlying Shares and Debentures of the Company or any of its associated corporations" on page 34 of this report and "Share Option Scheme" on pages 36 to 38 of this report, at no time during the Year were rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company granted to any Director or their respective associates nor was the Company and any of its subsidiaries a party to any arrangement to enable the Directors, or their respective associates to acquire such rights in any other body corporate.

RELATED PARTY TRANSACTIONS

For the year ended 31 December 2022, the related party transactions entered into by the Group are disclosed in note 32 to the consolidated financial statements. To the extent that such related party transactions constituted connected transactions or continuing connected transactions, the Company had complied with the relevant requirements under Chapter 14A of the Listing Rules during the year ended 31 December 2022. Save as disclosed in this sub-section and the sub-section headed "Continuing Connected Transactions" below, there were no other connected transactions or continuing connected transactions which are required to be disclosed under Chapter 14A of the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS

Tenancy Agreement in respect of the office located at 15 Kern Road, Toronto, Ontario, Canada M3B 1S9

On 7 May 2018, Tour East Holidays (Canada) Inc. ("**Tour East Canada**"), an indirect wholly-owned subsidiary of the Company, as tenant entered into a tenancy agreement (the "**First Kern Tenancy Agreement**") with Mrs. Tsang, Ms. Tsu and Dr. Chu (together as "**landlord**"), pursuant to which landlord agreed to lease to Tour East Canada a property situated at 15 Kern Road, Toronto, Ontario, Canada M3B 1S9 (the "**Kern Premises**"), with a total gross floor area of approximately 14,490 sq. ft. The Kern Premises has been used as our head office in Ontario. The First Kern Tenancy Agreement had a term of three years from 7 May 2018 to 6 May 2021 at a monthly basic rental (exclusive of sales taxes, proportionate share of all the realty taxes and operating costs payable by Tour East Canada) of CAD20,000. After expiry of the First Kern Tenancy Agreement, Tour East Canada and the landlord entered into a new tenancy agreement for a period of one year from 7 May 2021 to 6 May 2022, with other terms (including amount of monthly basic rental) being the same as the First Kern Tenancy Agreement (the "**Second Kern Tenancy Agreement**"). During the term of the Second Kern Tenancy Agreement, landlord and Tour East Canada shall have the right to terminate the Second Kern Tenancy Agreement by giving 180-day prior written notice to each other without paying any compensation, other than in respect of any matters arising prior to the date of termination. Tour East Canada has an option to renew the Second Kern Tenancy Agreement subject to the applicable requirements of the Listing Rules. Pursuant to the Second Kern Tenancy Agreement, the performance of Tour East Canada's obligations thereunder is subject to due compliance with the Listing Rules, provided that the Listing Rules are not in contravention to the laws of Ontario and the federal laws of Canada. During the year ended 31 December 2022, the total consideration paid under the Second Kern Tenancy Agreement amounted to CAD60,000. In April 2022, the Second Kern Tenancy Agreement was early terminated by the landlord.

Mrs. Tsang, Ms. Tsu and Dr. Chu are our former Directors who resigned on 19 July 2021, and Ms. Tsu has remained as a director of our subsidiary as at the date of this report. Accordingly, the transaction contemplated under the Second Kern Tenancy Agreement constitute a continuing connected transaction for our Company under Chapter 14A of the Listing Rules.

Since each of the applicable percentage ratios (other than the profits ratio) for the Second Kern Tenancy Agreement is less than 5% and the total consideration is less than HK$3,000,000 on an annual basis, the Second Kern Tenancy Agreement is fully exempt from the reporting, annual review, announcement, circular and the independent shareholders' approval requirement under Rule 14A.76(1) of the Listing Rules.

Having considered the rentals of comparable offices in the nearby location, and the relocation costs which our Group may incur if we move out of the Kern Premises, our Directors consider that it is desirable and in the interests of our Company and Shareholders as a whole to continue using the Kern Premises during the term of the Second Kern Tenancy Agreement.

Our Directors confirm that the continuing connected transactions as set out above were (i) conducted on normal commercial terms; (ii) carried out in our Group's ordinary and usual course of business; and (iii) fair and reasonable, and in the interests of our Company and Shareholders as a whole. Our Directors, including the independent non-executive Directors, also confirm that the annual caps of the continuing connected transactions above are fair and reasonable and in the interests of our Company and Shareholders as a whole.

Confirmation of independent non-executive Directors

The independent non-executive Directors have reviewed the continuing connected transactions as set out above and have confirmed that such continuing connected transactions were entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) on terms that are fair and reasonable and in the interests of the Shareholders as a whole. The Company has also complied with the disclosure requirements in Chapter 14A of the Listing Rules.

Confirmation from auditor of the Company

BDO Limited, the Company's auditors, were engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants.

The Board has received an unqualified letter from BDO Limited with respect to the above continuing connected transactions in accordance with Rule 14A.56 of the Listing Rules and the letter stated that for the year ended 31 December 2022, the continuing connected transactions disclosed above:

a) nothing has come to the auditor's attention that causes them to believe that the disclosed continuing connected transactions have not been approved by the Company's board of directors;

b) nothing has come to the auditor's attention that causes them to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and

c) with respect to the aggregate amount of each of the continuing connected transactions set out above, nothing has come to the auditor's attention that causes them to believe that the disclosed continuing connected transactions have exceeded the annual cap as set by the Company.

A copy of the auditors' letter has been provided by the Company to the Stock Exchange.

EMOLUMENT POLICY AND DIRECTORS' REMUNERATION

The emoluments of the Directors are reviewed and approved by the Remuneration Committee, having regard to factors including salaries paid by comparable companies, time commitment, job duties and responsibilities in respect of the relevant positions. The Company has adopted the Share Option Scheme, details of which are set out in the paragraphs under the section headed "Share Option Scheme" in this report.

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

During the year ended 31 December 2022 and up to the date of this report, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE AND MODEL CODE

The Company has complied with the code provisions of the CG Code (other than provision C.2.1) as set out in Appendix 14 to the Listing Rules throughout the Year. For details, please refer to the Corporate Governance Report of the Company which is set out on pages 20 to 29 of this report.

The Company has adopted the Model Code as the securities dealing code for its Directors. Having made specific enquiry to all Directors, all Directors confirmed that they have fully complied with the required standards and provisions as set out in the Model Code during the year ended 31 December 2022.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

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

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As of year ended 31 December 2022 and up to the date of this report, none of the Directors and their respective associates had any interests in a business, apart from the business of the Group, which competes or may compete with the business of the Group or has any other conflict of interest with the Group which would be required to be disclosed under Rule 8.10 of the Listing Rules.

PERMITTED INDEMNITY PROVISIONS

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

The Company has taken appropriate insurance coverage in respect of Directors' and officers' liability throughout the year ended 31 December 2022, which remains in force as at the date of this report.

SUFFICIENCY OF PUBLIC FLOAT

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

RELIEF OF TAXATION

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

REVIEW OF THE ANNUAL RESULTS

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

AUDITORS

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

On behalf of the Board

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

Hong Kong, 31 March 2023

INDEPENDENT AUDITOR'S REPORT

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

OPINION

We have audited the consolidated financial statements of Cinese International Group Holdings Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 47 to 121, which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including 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 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the 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.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	Our response
Recoverability of deferred income tax assets arising from unused tax losses and carried forward tax deductions *Refer to notes 4 and 21 to the consolidated financial statements.* The Group recognised deferred income tax assets arising from unused tax losses and carried forward tax deductions of HK$41,778,000 as at 31 December 2022. Estimating the deferred income tax assets to be recognised requires a process that involves forecasting future years' taxable income and assessing the ability of the Group to utilise tax benefits through future earnings and tax structuring. We considered the recoverability of deferred income tax assets arising from unused tax losses and carried forward tax deductions to be a matter of most significance in our audit due to the magnitude thereof and the key assumptions used by management in forecasting future years' taxable income and assessing the ability of the Group to utilise tax benefits in the future.	Our audit procedures included, amongst others: • We assessed the reasonableness of management's forecast of future years' taxable income and key assumptions used in the forecast by comparing this to historical results of the Group and other relevant information. We performed a sensitivity analysis to assess the potential impact of reasonably possible downside changes in key assumptions. • With the assistance of our tax specialists, we assessed the reasonableness of management's tax structuring of the Group. • We tested the mathematical accuracy of management's underlying calculations.

Key Audit Matters	Our response
Expected credit losses ("ECLs") assessment on trade receivables and receivables from travel companies for ticket costs *Refer to notes 3.1(b), 18 and 19 to the consolidated financial statements.* The Group had trade receivables and receivables from travel companies for ticket costs with carrying amount, net of ECLs allowance, of HK$2,158,000 and HK$32,856,000 respectively as at 31 December 2022. During the year ended 31 December 2022, reversal of provision of ECLs allowance of HK$317,000 and HK$3,643,000 were made for trade receivables and receivables from travel companies for ticket costs respectively in the profit or loss. Estimating the ECLs allowance to be recognised was based on a forward-looking ECLs approach. The measurement on the Group's trade receivables and receivables from travel companies for ticket costs under such approach were estimated by management through an application of judgement and estimation. The potential impact of economic factors were also considered in management's assessment of the likelihood of recovery from its customers and travel companies. We considered the recognition of ECLs allowance on trade receivables and receivables from travel companies for ticket costs to be a matter of most significance in our audit due to the magnitude thereof and the key assumptions used by management in assessing the recoverability of the trade receivables and receivables from travel companies for ticket costs.	Our audit procedures included, amongst others: • We obtained an understanding of and assessed the Group's process and control over the collection and the assessment of the recoverability of the trade receivables and receivables from travel companies for ticket costs. • We obtained an understanding of the key parameters inputs and assumptions of the ECLs model adopted by management, including historical default data and estimated loss rates. • We assessed the reasonableness of management's ECLs allowance estimates by examining the information used by management, including historical settlement pattern, default data, past due status and any payments received up to the date of completing our audit procedures, current market conditions and forward-looking information. • We re-performed the calculation of the ECLs allowance based on the Group's credit loss allowance policies.

OTHER INFORMATION IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibility in this regard.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with the terms of our engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

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

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

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

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

BDO Limited
Certified Public Accountants
Ng Wai Man
Practising Certificate No. P05309

Hong Kong, 31 March 2023

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	Notes	Year ended 31 December 2022 HK$'000	2021 HK$'000
Revenue	5	**45,777**	55,822
Cost of sales	7	**(23,250)**	(39,235)
Gross profit		**22,527**	16,587
Other income	6	**1,634**	14,196
Other gains, net	6	**2,477**	58
Reversal/(provision) of expected credit losses ("ECLs") allowance on financial assets	18 & 19	**3,962**	(39,307)
Selling expenses	7	**(3,604)**	(6,538)
Administrative expenses	7	**(41,234)**	(43,299)
Operating loss		**(14,238)**	(58,303)
Finance income	10	**6**	2
Finance costs	10	**(291)**	(289)
Finance costs, net	10	**(285)**	(287)
Share of net losses of joint venture	16	**(352)**	(1,281)
Loss before income tax		**(14,875)**	(59,871)
Income tax credit/(expense)	11	**1,073**	(15,897)
Loss for the year attributable to owners of the Company		**(13,802)**	(75,768)
Other comprehensive (expenses)/income			
Item that may be subsequently reclassified to profit or loss:			
– *Currency translation differences*		**(3,125)**	916
Item that will not be reclassified to profit or loss:			
– *Change in fair value of equity instrument at fair value through other comprehensive income*		**220**	(631)
Other comprehensive (expenses)/income for the year		**(2,905)**	285
Total comprehensive expenses for the year attributable to owners of the Company		**(16,707)**	(75,483)
Basic and diluted loss per share (HK Cents)	12	**(1.2)**	(6.3)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Notes	As at 31 December 2022 HK$'000	As at 31 December 2021 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	14	**1,380**	4,168
Intangible assets	15	**1**	438
Right-of-use assets	27	**2,936**	3,248
Interests in joint venture	16	**—**	9,400
Financial asset at fair value through profit or loss ("FVTPL")	22	**—**	1,521
Financial asset at fair value through other comprehensive income ("FVTOCI")	22	**3,187**	3,185
Deferred income tax assets	21	**41,778**	43,221
		49,282	65,181
Current assets			
Trade receivables	18	**2,158**	11,345
Prepayments, deposits and other receivables	19	**36,005**	27,504
Financial asset at FVTPL	22	**1,426**	—
Income tax recoverable		**299**	2,645
Cash and cash equivalents	20	**43,780**	48,749
		83,668	90,243
Total assets		**132,950**	155,424
EQUITY			
Equity attributable to the owners of the Company			
Share capital	23(a)	**120**	120
Share premium		**88,248**	88,248
Other reserve	23(b)	**(41,256)**	(41,256)
Financial asset at FVTOCI reserve	23(c)	**257**	37
Exchange reserve		**5,392**	8,517
(Accumulated losses)/Retained earnings		**(4,945)**	8,857
Total equity		**47,816**	64,523

	Notes	As at 31 December 2022 HK$'000	As at 31 December 2021 HK$'000
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities	21	—	296
Lease liabilities	27	2,379	3,027
Loan from government	28	3,255	4,160
		5,634	7,483
Current liabilities			
Trade payables	24	12	11,432
Accruals and other payables	25(a)	64,691	56,524
Contract liabilities	25(b)	95	415
Lease liabilities	27	1,719	1,456
Loan from government	28	755	—
Income tax payables		12,228	13,591
		79,500	83,418
Total liabilities		85,134	90,901
Total equity and liabilities		132,950	155,424

The consolidated financial statements on pages 47 to 121 were approved for issue by the Board of Directors on 31 March 2023 and were signed on its behalf.

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

Liu Xue Bin
Executive Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

	Attributable to owners of the Company						
	Share capital HK$'000 Note 23(a)	Share premium HK$'000 Note 23(a)	Other reserve HK$'000 Note 23(b)	Financial asset at FVTOCI reserve HK$'000 Note 23(c)	Exchange reserve HK$'000	Retained earnings/ (Accumulated losses) HK$'000	Total HK$'000
Balance at 1 January 2021	120	88,248	(41,256)	668	7,601	58,484	113,865
Comprehensive income							
Loss for the year	–	–	–	–	–	(75,768)	(75,768)
Other comprehensive income							
Currency translation differences	–	–	–	–	916	–	916
Change in fair value of equity instrument at FVTOCI	–	–	–	(631)	–	–	(631)
Total comprehensive expense and other comprehensive expense for the year	–	–	–	(631)	916	(75,768)	(75,483)
Total transactions with owners in their capacity as owners							
Contribution by shareholders (Note)	–	–	–	–	–	26,141	26,141
Balance at 31 December 2021	120	88,248	(41,256)	37	8,517	8,857	64,523
Comprehensive income							
Loss for the year	**–**	**–**	**–**	**–**	**–**	**(13,802)**	**(13,802)**
Other comprehensive expense							
Currency translation differences	**–**	**–**	**–**	**–**	**(3,125)**	**–**	**(3,125)**
Change in fair value of equity instrument at FVTOCI	**–**	**–**	**–**	**220**	**–**	**–**	**220**
Total comprehensive expense and other comprehensive expense for the year	**–**	**–**	**–**	**220**	**(3,125)**	**(13,802)**	**(16,707)**
Balance at 31 December 2022	**120**	**88,248**	**(41,256)**	**257**	**5,392**	**(4,945)**	**47,816**

Note: On 16 September 2021, contribution of HK$26,141,000 made by the shareholders for settlement of the estimated Canadian departure and deemed disposition tax liability of the Company was recognised in retained earnings directly. The contribution by the shareholders is subject to the final assessment of the Canadian departure and deemed disposition tax by the Canada Revenue Agency.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

	Notes	Year ended 31 December 2022 HK$'000	2021 HK$'000
Cash flows from operating activities			
Cash (used in)/generated from operations	29	**(13,249)**	13,752
Interest paid on lease liabilities	10	**(168)**	(187)
Income tax refunded		**2,182**	2,027
Net cash (used in)/generated from operating activities		**(11,235)**	15,592
Cash flows from investing activities			
Purchase of property, plant and equipment	14	**(79)**	(2,711)
Acquisition of financial assets at FVTPL – listed equity securities		**–**	(1,299)
Proceeds from disposal of property, plant and equipment		**1,202**	–
Proceeds from disposal of joint venture		**9,230**	–
Proceeds from disposal of financial assets at FVTPL – listed equity securities		**–**	4,968
Proceeds from disposal of financial assets at FVTPL – investments fund		**–**	2,374
Dividends received from financial assets at FVTPL – listed equity securities		**–**	7
Interest received		**6**	2
Net cash generated from investing activities		**10,359**	3,341
Cash flows from financing activities			
Proceeds of loan from government	30	**–**	1,551
Repayment of principal portion of the lease liabilities	30	**(1,702)**	(1,899)
Net cash used in financing activities		**(1,702)**	(348)
Net (decrease)/increase in cash and cash equivalents		**(2,578)**	18,585
Cash and cash equivalents at beginning of year		**48,749**	30,095
Effect of currency translation differences		**(2,391)**	69
Cash and cash equivalents at end of year		**43,780**	48,749

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

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

On 10 September 2021, the English name of the Company was changed from "CTEH INC." to "Cinese International Group Holdings Limited" and the dual foreign name in Chinese of the Company was changed from "加達控股有限公司" to "富盈環球集團控股有限公司".

The Company is an investment holding company. The Company and its subsidiaries comprising the Group (together, the "**Group**") are engaged in air ticket distribution, travel business process management, travel products and services and other business process management (the "**Business**") in Canada and the United States (the "**U.S.**").

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation and going concern assumption

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

For the year ended 31 December 2022, the Group incurred a loss of approximately HK$13,802,000. This condition may cast significant doubt on the Group's ability to continue as a going concern.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.1 Basis of preparation and going concern assumption *(continued)*

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

(a) The expected gradual recovery of international travel and related businesses following the ease of COVID-19 pandemic; and

(b) The unutilised banking facilities totalling HK$9,459,000, which are available for the Group to finance its future operations and financial obligations.

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

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

(i) New or revised standards adopted by the Group

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

Amendments to IAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts - Cost of Fulfilling a Contract
Amendments to IFRS 3	Reference to the Conceptual Framework
Amendment to IFRS 16	Lease: COVID-19-Related Rent Concessions beyond 30 June 2021
Annual Improvements to IFRSs 2018 - 2020	Amendments to IFRS 1 – First-time Adoption of IFRS; Amendments to IFRS 9 – Financial Instruments; Amendments to IFRS 16 and Amendments to IAS 41 – Agriculture

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.1 Basis of preparation and going concern assumption *(continued)*

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

The following new standards, amendments and interpretations to existing standards are mandatory for accounting periods beginning on or after 1 January 2023.

		Effective for accounting periods beginning on or after
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to IAS 1	Non-current Liabilities with Covenants	1 January 2024
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to IAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	Insurance Contracts	1 January 2023
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined*
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.1 Basis of preparation and going concern assumption *(continued)*

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

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

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

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

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

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

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

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

(c) Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.1 Basis of preparation and going concern assumption *(continued)*

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

(c) Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies *(continued)*

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The IASB has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

The application of the amendments is not expected to have significant impact on the financial position or performance of the Group but may affect the disclosures of the Group's significant accounting policies. The impacts of application, if any, will be disclosed in the Group's future consolidated financial statements.

(d) Amendments to IAS 8 - Definition of Accounting Estimates

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

The definition of a change in accounting estimates was deleted. However, the IASB retained the concept of changes in accounting estimates in the Standard with the following clarifications:

- A change in accounting estimate that results from new information or new developments is not the correction of an error
- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.1 Basis of preparation and going concern assumption *(continued)*

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

(e) Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease.

Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognises:

- A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with:
  - Right-of-use assets and lease liabilities
  - Decommissioning, restoration and similar liabilities and the corresponding amounts recognised as part of the cost of the related asset
- The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date

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

(f) IFRS 17 - Insurance Contracts

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts.

IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach.

The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.1 Basis of preparation and going concern assumption *(continued)*

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

(f) IFRS 17 - Insurance Contracts *(continued)*

In June 2020, the IASB issued Amendments to IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 was published. The amendments defer the date of initial application of IFRS 17 (incorporating the amendments) to annual reporting periods beginning on or after 1 January 2023. At the same time, the IASB issued Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) that extends the fixed expiry date of the temporary exemption from applying IFRS 9 in IFRS 4 to annual reporting periods beginning on or after 1 January 2023.

In December 2021, the IASB issued Initial Application of IFRS 17 and IFRS 9—Comparative Information (Amendment to IFRS 17) to address implementation challenges that were identified after IFRS 17 was published. The amendment addresses challenges in the presentation of comparative information.

IFRS 17 must be applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied.

For the purpose of the transition requirements, the date of initial application is the start of the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application.

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.1 Basis of preparation and going concern assumption *(continued)*

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

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

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

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

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

2.2 Consolidation

(i) Subsidiaries

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

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

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position respectively.

(ii) Joint arrangements

Under IFRS 11 Joint Arrangements investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounting for using the equity method.

The joint venture agreements require unanimous consent from all parties for all relevant activities. The entity operates at a form of a separate vehicle. This entity is therefore classified as a joint venture. Interests in joint ventures are accounted for using the equity method (see (iii) below), after initially being recognised at cost in the consolidated statement of financial position.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.2 Consolidation *(continued)*

(ii) Joint arrangements (continued)

When the Group ceases to have joint control over a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that joint venture on the same basis as would be required if that joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal of the relevant joint venture.

(iii) Equity accounting

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 2.8.

2.3 Business combinations

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.3 Business combinations *(continued)*

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

Acquisition-related costs are expensed as incurred.

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

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

2.4 Segment information

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

2.5 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transaction and balances

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.5 Foreign currency translation *(continued)*

(c) Group companies

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

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

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

2.6 Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditures that are directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All repairs and maintenance are charged in profit or loss during the year in which they are incurred.

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.7 Intangible assets

(a) *Computer software*

Computer software is stated at cost less accumulated amortisation and impairment. Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software, and are amortised over their estimated useful lives of three years using the straight-line method.

(b) *Research and development expenditures*

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. There were no development costs meeting these criteria and capitalised as intangible assets during the Track Record Period.

Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are amortised from the point at which the assets are ready for use on a straight-line basis over their useful lives.

2.8 Impairment of non-financial assets

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.9 Offsetting financial instruments

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

2.10 Trade and other receivables

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

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

2.11 Cash and cash equivalents

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

2.12 Restricted term deposit

In the consolidated statement of financial position, the restricted term deposit is separately presented from cash and cash equivalents.

2.13 Share capital

Ordinary shares are classified as equity.

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

2.14 Trade and other payables

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.15 Borrowings

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

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

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

2.16 Borrowing costs

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

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

2.17 Redeemable preference shares

Redeemable preference shares are classified as equity if it is redeemable only at the Group's option, and any dividends are discretionary. Dividends on preference share capital classified as equity are recognised as distributions within equity.

Redeemable preference shares are classified as a liability if they are redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary. The liability is recognised at fair value if it is designated at fair value through profit or loss on initial recognition, or in accordance with the Group's policy for interest-bearing borrowings set out in Note 2.15 and accordingly dividends thereon are recognised on an accrual basis in the consolidated statement of comprehensive income as part of interest expense.

2.18 Current and deferred income tax

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

(a) Current income tax

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.18 Current and deferred income tax *(continued)*

(b) Deferred income tax

Inside basis differences

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

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

Outside basis differences

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

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

(c) Offsetting

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.19 Provisions

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

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

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

2.20 Employee benefits

(a) Employee leave entitlements

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

(b) Pension

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.20 Employee benefits *(continued)*

(c) Termination benefits

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

(d) Bonuses

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

2.21 Revenue from contracts with customers

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.21 Revenue from contracts with customers *(continued)*

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

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

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

2.22 Leases

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

Right-of-use asset

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.22 Leases *(continued)*

Lease liability

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

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

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

2.23 Government grant

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.24 Financial guarantee contract

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

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

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

2.25 Dividend distributions

Dividend distributions to the Company's shareholders are recognised as a liability in the Group's consolidated financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

2.26 Financial instruments

(i) Classification

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.26 Financial instruments *(continued)*

(ii) Measurement

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

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

Debt instruments

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

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other losses, net, together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statement of comprehensive income.

- FVTOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the profit or loss and recognised in other losses, net. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other losses, net, and impairment expenses are presented as separate line item in the consolidated statement of comprehensive income.

- FVTPL: Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other losses, net, in the period in which it arises.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.26 Financial instruments *(continued)*

(ii) Measurement (continued)

Equity instruments

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

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

(iii) Impairment

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.26 Financial instruments *(continued)*

(iii) Impairment (continued)

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

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

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

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

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status.

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.27 Share-based payments

(a) Equity-settled share-based payment transactions

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

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

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

(b) Share-based payment transactions among group entities

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

There was no share option granted during the year ended 31 December 2022 (2021: nil).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.28 Related parties

(a) A person or a close member to that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Company's parent.

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

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

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(iii) both entities are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Company's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependents of that person or that person's spouse or domestic partner.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

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

(a) Market risk

(i) Foreign exchange risk

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

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

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

	As at 31 December	
	2022	2021
	HK$'000	HK$'000
Assets		
USD	**3,428**	2,400
Others	**312**	89
	3,740	2,489

The Group did not have any financial liabilities denominated in foreign currencies other than the respective group companies' functional currencies at each reporting date.

As at 31 December 2022, if the USD had strengthened/weakened by 10% with all other variables held constant, the post-tax profit would have been approximately HK$252,000 higher/lower (2021: HK$176,000), as a result of foreign exchange gains/losses on revaluation of the USD denominated net assets.

3 FINANCIAL RISK MANAGEMENT *(CONTINUED)*

3.1 Financial risk factors *(continued)*

(a) Market risk (continued)

(ii) Cash flow interest rate risk

Under the banking facilities as at 31 December 2022, borrowings denominated in USD are subject to floating interest rates at the U.S. prime rate plus 1.5% (2021: 1.5%) while borrowings denominated in CAD are subject to floating interest rates at the Canadian prime rate plus 0.5% (2021: 0.5%).

As at 31 December 2022 and 2021, the Group has no interest-bearing borrowing.

(b) Credit risk

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

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

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

As at 31 December 2022 and 2021, the Group measures ECLs allowance for trade receivables and receivables from travel companies for ticket costs, at an amount equal to lifetime ECLs, which is calculated using a provision matrix with reference to the aging of the receivable balances. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments and different travel companies, the ECLs allowance based on past due status is not further distinguished between the Group's different debtor bases. In view of the difference in the way in which COVID-19 pandemic impacted exposure to different debtor groups, loss rates are calculated separately for exposures in different segments.

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

3 FINANCIAL RISK MANAGEMENT *(CONTINUED)*

3.1 Financial risk factors *(continued)*

(b) Credit risk (continued)

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables and receivables from travel companies for ticket costs under other receivables as at 31 December 2022 and 2021:

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

31 December 2021	Current	Within 90 days past due	91 days to 180 days past due	181 days to 12 months past due	More than 12 months past due	Total
Expected loss rate (%)	3.0%	4.8%	80.4%	100%	100%	72.7%
Gross carrying amount (HK$'000)	18,426	13,582	16,765	27,107	49,000	124,880
ECLs allowance (HK$'000)	548	653	13,485	27,107	49,000	90,793

In respect of other receivables (excluding receivables from travel companies for ticket costs), the Group considered that the credit risk is low, and the ECLs allowance recognised during the year was therefore limited to 12 months ECLs. The allowances under ECLs was determined for other receivables (excluding receivables from travel companies for ticket costs), as at 31 December 2022 and 2021 are as follows:

	31 December 2022	31 December 2021
Expected loss rate (%)	**2.2%**	1.0%
Gross carrying amount (HK$'000)	**689**	1,771
ECLs allowance (HK$'000)	**15**	18

3 FINANCIAL RISK MANAGEMENT *(CONTINUED)*

3.1 Financial risk factors *(continued)*

(b) Credit risk (continued)

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

	Lifetime ECLs		12-month ECLs	
	Trade receivables HK$'000	Receivables from travel companies for ticket costs HK$'000	Other receivables HK$'000	Total HK$'000
Balance at 1 January 2021	630	50,194	301	51,125
ECLs allowance recognised/(reversed) during the year	190	39,406	(289)	39,307
Exchange differences	3	370	6	379
Balance at 31 December 2021	823	89,970	18	90,811
ECLs allowance reversed during the year	(317)	(3,643)	(2)	(3,962)
Exchange differences	(38)	(2,131)	(1)	(2,170)
Balance at 31 December 2022	468	84,196	15	84,679

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

The Group's exposure to credit risk of trade receivables and receivables from travel companies for ticket costs is influenced mainly by the individual characteristics of each customer and travel company. At the end of reporting period, the Group has a certain concentration of credit risk as 95% and 82% of the Group's trade receivables was due from the Group's three largest customers as at 31 December 2022 and 2021 respectively while 87% and 94% of the Group's receivables from travel companies for ticket costs was due from the Group's five largest travel companies as at 31 December 2022 and 2021 respectively.

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

3 FINANCIAL RISK MANAGEMENT *(CONTINUED)*

3.1 Financial risk factors *(continued)*

(c) Liquidity risk

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

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

	Carrying amount HK$'000	On demand or within 1 year HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000	Over 5 years HK$'000	Total HK$'000
As at 31 December 2022						
Trade payables	**12**	**12**	**–**	**–**	**–**	**12**
Accruals and other payables (excluding sales tax payable and accrued staff costs and management fees)	**63,464**	**63,464**	**–**	**–**	**–**	**63,464**
Loan from government	**4,010**	**864**	**864**	**2,591**	**–**	**4,319**
Lease liabilities	**4,098**	**1,748**	**1,286**	**1,272**	**–**	**4,306**
	71,584	**66,088**	**2,150**	**3,863**	**–**	**72,101**
As at 31 December 2021						
Trade payables	11,432	11,432	–	–	–	11,432
Accruals and other payables (excluding sales tax payable and accrued staff costs and management fees)	54,858	54,858	–	–	–	54,858
Loan from government	4,160	–	923	2,767	923	4,613
Lease liabilities	4,483	1,480	1,284	2,039	–	4,803
	74,933	67,770	2,207	4,806	923	75,706

3 FINANCIAL RISK MANAGEMENT *(CONTINUED)*

3.2 Capital risk management

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

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

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

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

	As at 31 December	
	2022	2021
	HK$'000	HK$'000
Lease liabilities (Note 27)	**4,098**	4,483
Loan from government (Note 28)	**4,010**	4,160
Total debt	**8,108**	8,643
Less:		
Cash and cash equivalents (Note 20)	**(43,780)**	(48,749)
Net debt	**(35,672)**	(40,106)
Total equity	**47,816**	64,523
Net debt-to-equity ratio	**0%**	0%

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

As at 31 December 2022 and 2021, the Group has banking facilities available in the form of letters of guarantee of HK$14,394,000 and HK$15,378,000 respectively. For the year ended 31 December 2022, the Group is in compliance with all banking covenants (Note 26).

3 FINANCIAL RISK MANAGEMENT *(CONTINUED)*

3.3 Fair value estimation

The table below analyses the Group's financial instruments carried at fair value as at 31 December 2022 and 2021, by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

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

The following table presents the Group's assets that are measured at fair value as at 31 December 2022 and 2021.

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
As at 31 December 2022				
Assets				
Financial assets at FVTPL (note (a))	**1,426**	**—**	**—**	**1,426**
Financial asset at FVTOCI (note (b))	**—**	**—**	**3,187**	**3,187**
	1,426	**—**	**3,187**	**4,613**
As at 31 December 2021				
Assets				
Financial assets at FVTPL (note (a))	1,521	—	—	1,521
Financial asset at FVTOCI (note (b))	—	—	3,185	3,185
	1,521	—	3,185	4,706

3 FINANCIAL RISK MANAGEMENT *(CONTINUED)*

3.3 Fair value estimation *(continued)*

Notes:

(a) As at 31 December 2022 and 2021, the financial assets at FVTPL represent a government bond issued by the Canadian government, which was matured on 21 March 2023 (Note 22). The fair value is determined with reference to a quoted price in active markets. The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting periods.

(b) The financial asset at FVTOCI represent an unlisted equity securities investment (Note 22). The fair value is determined with reference to a valuation report issued by an independent valuation expert with market approach. Determination of its fair value is based on transaction prices derived from recent buy-sale transactions of equity securities of the investee company occurred.

Increased transaction prices by 10% would increase the fair value of financial asset at FVTOCI by approximately HK$319,000 (2021: HK$319,000) whilst decrease transaction prices by 10% would decrease the fair value of the financial asset at FVTOCI by approximately HK$319,000 (2021: HK$319,000).

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

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

	2022 HK$'000	2021 HK$'000
At 1 January	**3,185**	3,774
Fair value change recognised in other comprehensive income	**220**	(631)
Exchange difference	**(218)**	42
At 31 December	**3,187**	3,185

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

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

(a) Revenue recognition for incentive commissions

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

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

For the years ended and as at 31 December 2022 and 2021, the Group has incentive commissions revenue of HK$3,868,000 and HK$2,455,000, and incentive commissions receivables (net of ECLs allowance) of HK$1,395,000 and HK$1,388,000 respectively (Note 18).

(b) Recognition of deferred income tax asset

At 31 December 2022, a deferred tax asset of HK$41,778,000 (2021: HK$43,221,000) in relation to unused tax losses, ECLs allowance and other deductible temporary differences were recognised in the consolidated financial statements. Estimating the deferred income tax asset to be recognised requires a process that involves determining appropriate tax provisions, forecasting future years' taxable income and assessing the ability to utilise tax benefits through future earnings and tax structuring. In cases where the actual future profits generated are less than expected, a material reversal of the deferred income tax asset may arise, which would be recognised in profit or loss for the period in which such a reversal takes place. The current financial models indicate that the tax losses can be utilised in the foreseeable future. Management believes that any reasonable changes in the model assumptions would not affect management's view. However, any unexpected changes in assumptions and estimates in tax regulations could affect the recoverability of this deferred income tax asset in the future.

(c) Estimating the incremental borrowing rate for leases

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

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(CONTINUED)*

(d) Current income tax

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

(e) Fair value measurement of financial asset at FVTOCI

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

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

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

At the end of each reporting period, the Group assesses whether there has been a significant increase in credit risk on the other receivables and receivables from travel companies for ticket costs since initial recognition by comparing the risk of default occurring over the expected life. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information, i.e. the further development of COVID-19 pandemic.

For the year ended 31 December 2022, reversal of provision of ECLs allowance of HK$317,000 and HK$3,643,000 (2021: provision of ECLs allowance of HK$190,000 and HK$39,406,000) were made for trade receivables and receivables from travel companies for ticket costs respectively in the profit or loss.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(CONTINUED)*

(g) Impairment assessment of non-financial assets

In considering the impairment losses that may be required for the Group's non-financial assets which include property, plant and equipment, intangible assets and right-of-use assets, recoverable amount of the asset needs to be determined if there is indication that those assets may be impaired. The recoverable amounts have been determined based on value-in-use calculations. These calculations require the use of estimates such as the future revenue and discount rates. The carrying amount, net of provision of impairment, of HK$1,380,000, HK$1,000 and HK$2,936,000 respectively. The accumulated impairment loss on property, plant and equipment, intangible assets and right-of-use assets amounted to HK$549,000 (2021: HK$587,000), HK$290,000 (2021: HK$309,000) and HK$543,000 (2021: HK$580,000) respectively while no additional provision of impairment was made for the years ended 31 December 2022 and 2021.

5 REVENUE AND SEGMENT INFORMATION

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

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

— Air ticket distribution: The Group sells air tickets on behalf of airlines in exchange for margin income and incentive commissions from airlines.

— Travel business process management: The Group performs certain administrative and management services mainly for travel agencies in exchange for travel business process management fees.

— Travel products and services: The Group packages various travel products from suppliers into company-operated tours. The Group also sells other travel products and services, where the travellers are responsible for their trips using travel services sourced by the Group.

— Other business process management: The Group provides certain translation and agent services on behalf of a healthcare company in exchange for business process management fees.

5 REVENUE AND SEGMENT INFORMATION *(CONTINUED)*

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

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

5 REVENUE AND SEGMENT INFORMATION *(CONTINUED)*

	Year ended 31 December 2021				
	Air ticket distribution HK$'000	Travel business process management HK$'000	Travel products and services HK$'000	Other business process management HK$'000	Total HK$'000
Revenue from external customers	7,445	26,041	–	22,336	55,822
Time of revenue recognition					
At a point in time	7,445	26,041	–	–	33,486
Over the time	–	–	–	22,336	22,336
	7,445	26,041	–	22,336	55,822
Segment results	575	13,066	–	2,044	15,685
Other income					787
Other gains, net					58
Provision of ECLs allowance on financial assets					(39,307)
Administrative expenses					(35,526)
Finance costs, net					(287)
Share of net losses of joint ventures					(1,281)
Loss before income tax					(59,871)
Income tax expense					(15,897)
Loss for the year					(75,768)
Other segment items:					
Depreciation and amortisation	417	1,590	–	1,232	3,239
Capital expenditure	283	1,079	–	836	2,198
Depreciation of right-of-use assets	214	817	–	633	1,664

5 REVENUE AND SEGMENT INFORMATION *(CONTINUED)*

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

	Year ended 31 December	
	2022 **HK$'000**	2021 HK$'000
Company A – travel business process management segment	**23,699**	15,659
Company B – travel business process management segment	**6,797**	7,287
Company C – other business process management segment (note)	**N/A**	22,336

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

There is no material inter-segment revenue.

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

	Year ended 31 December	
	2022 **HK$'000**	2021 HK$'000
Canada	**45,267**	55,064
United States	**510**	758
	45,777	55,822

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

	Year ended 31 December	
	2022 **HK$'000**	2021 HK$'000
Canada	**95,015**	98,907
United States	**34,803**	31,036
Hong Kong	**3,111**	25,481
Mainland China	**21**	—
	132,950	155,424

As at 31 December 2022, all material non-current assets, other than deferred income tax assets of approximately HK$18,123,000 (2021: deferred income tax assets of approximately HK$19,169,000 and interests in joint ventures of approximately HK$9,400,000), are located in Canada.

6 OTHER INCOME AND OTHER GAINS, NET

	Year ended 31 December	
	2022	2021
	HK$'000	HK$'000
Other income		
Subsidies (Note)	**72**	14,189
Dividends income from financial assets at FVTPL	**—**	7
Compensation income for early termination of lease contract	**1,562**	—
	1,634	14,196
Other gains, net		
Foreign exchange gain/(loss)	**2,293**	(179)
Gain on disposal of financial assets at FVTPL	**—**	179
Gain on disposal of joint venture	**182**	—
Fair value change in financial asset at FVTPL	**2**	(2)
Gain on modification on loan from government	**—**	60
	2,477	58

Note: For the year ended 31 December 2022, it represented grants received in relation to wage subsidies from Employment Support Scheme ("ESS") under the Anti-epidemic Fund launched by the Hong Kong SAR Government. For the year ended 31 December 2021, it mainly represented grants received in relation to wage subsidies from Canada Emergency Wage Subsidy Program. There are no unfulfilled conditions or contingencies relating to these grants as at 31 December 2022 and 2021.

7 EXPENSES BY NATURE

	Year ended 31 December	
	2022	2021
	HK$'000	HK$'000
Employee benefit expenses (including directors' emoluments) (Note 8)	**46,326**	51,573
Office, telecommunication and utility expenses	**3,279**	4,031
Depreciation of right-of-use assets (Note 27)	**1,706**	2,053
Short-term leases expenses	**991**	1,196
Advertising and promotion	**96**	57
Credit card fees	**46**	28
Auditor's remuneration		
– Audit service	**1,500**	1,500
– Non-audit service	**816**	187
Depreciation of property, plant and equipment (Note 14)	**1,601**	2,353
Amortisation of intangible assets (Note 15)	**428**	1,626
Legal and professional fees	**2,537**	5,959
Service fees	**4,780**	15,173
Others	**3,982**	3,336
Total cost of sales, selling and administrative expenses	**68,088**	89,072

8 EMPLOYEE BENEFITS EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	Year ended 31 December	
	2022	2021
	HK$'000	HK$'000
Salaries, bonuses and allowances (including directors' emoluments)	**44,390**	48,633
Pension costs	**1,064**	1,764
Other employee benefits	**872**	1,176
	46,326	51,573

The employees of the Group in Canada are members of the Canada Pension Plan operated by the Canadian government. The Group is required to contribute 5.7% (2021: 5.5%) of payroll costs to a retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement scheme is to make the specified contributions.

The employees of the Group in the United States are members of the social security operated by the United States government. The Group is required to contribute 6.2% (2021: 6.2%) of payroll costs to a retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement scheme is to make the specified contributions.

During the year ended 31 December 2021 and 2022, there are no forfeited contributions available to offset future retirement benefit obligations of the Group.

Five highest paid individuals

The five individuals whose emoluments were the highest in the Group included two directors for the years ended 31 December 2022 (2021: one). The emoluments paid/payable to the remaining three (2021: four) non-director highest paid individuals during year are as follows:

	Year ended 31 December	
	2022	2021
	HK$'000	HK$'000
Salaries, allowances and benefits	**4,250**	4,880
Pension costs	**21**	32
	4,271	4,912

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

Five highest paid individuals *(continued)*

The emoluments paid/payable to the non-director highest paid individuals fell within the following bands for the years ended 31 December 2022 and 2021 is as follows:

	Year ended 31 December	
	2022	2021
Emolument bands		
Nil to HK$500,000	**–**	–
HK$500,001 to HK$1,000,000	**1**	2
HK$1,000,001 to HK$1,500,000	**1**	1
HK$1,500,001 to HK$2,000,000	**1**	1
	3	4

There were no amounts paid/payable to the aforementioned three (2021: four) highest paid individuals as an inducement to join or upon joining the Group during the years ended 31 December 2022.

There was no compensation paid/payable to the aforementioned three (2021: four) highest paid individuals for the loss of any office in connection with the management of the affairs of the Company and its subsidiaries during the years ended 31 December 2022.

9 DIRECTORS' BENEFITS AND INTERESTS

The remuneration of each Director of the Company paid/payable by the Group for the years ended 31 December 2022 and 2021 is set out below:

Year ended 31 December 2022

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

9 DIRECTORS' BENEFITS AND INTERESTS *(CONTINUED)*

Year ended 31 December 2021

Name	Fees HK$'000	Salaries, other allowances and benefits HK$'000	Pension costs – defined contribution plan HK$'000	Total HK$'000
Executive Directors				
Dr. Mariana Kou Chung Yin (Note (a)) (Chairperson & Chief Executive Officer)	–	1,131	9	1,140
Mr. Liu Xue Bin (Note (b))	–	543	9	552
Mrs. Rita Pik Fong Tsang (Note (f))	–	902	–	902
Ms. Annie Shuk Fong Tsu (Note (g))	–	902	–	902
Non-executive Director				
Mr. Liu Jiefeng (Note (c))	45	–	–	45
Dr. Kwok Chun Dennis Chu (Note (h))	137	–	–	137
Independent Non-executive Directors ("**INED**")				
Mr. Benny Fong Wai Bun (Note (d))	45	–	–	45
Ms. Chloe Suen Yin Wah (Note (d))	45	–	–	45
Ms. Kwan Ka Yee (Note (d))	45	–	–	45
Dr. Michael Edward Ricco (Note (e))	83	–	–	83
Mrs. Kitty Yuk-Yee Yeung (Note (e))	83	–	–	83
Mr. Jason Sik Yuen Lau (Note (e))	132	–	–	132
	615	3,478	18	4,111

Notes:

(a) Dr. Mariana Kou Chung Yin was appointed as the chairperson, chief executive officer and executive director of the Company with effect from 19 July 2021.

(b) Mr. Liu Xue Bin was appointed as an executive director of the Company with effect from 19 July 2021.

(c) Mr. Liu Jiefeng was appointed as a non-executive director of the Company with effect from 19 July 2021.

(d) Mr. Benny Fong Wai Bun, Ms. Chloe Suen Yin Wah and Ms. Kwan Ka Yee were appointed as independent non-executive director with effect from 19 July 2021.

(e) Dr. Michael Edward Ricco, Mrs. Kitty Yuk-Yee Yeung and Mr. Sik Yuen Lau resigned as independent non-executive director with effect from 19 July 2021.

(f) Mrs. Rita Pik Fong Tsang had resigned as the chairperson and executive director with effect from 19 July 2021.

(g) Ms. Annie Shuk Fong Tsu had resigned as chief executive officer and executive director with effect from 19 July 2021.

(h) Dr. Kwok Chun Dennis Chu had resigned as non-executive director with effect from 19 July 2021.

9 DIRECTORS' BENEFITS AND INTERESTS *(CONTINUED)*

The Group has not paid consideration to any third parties for making available Directors' services during the year ended 31 December 2022 (2021: nil).

As at 31 December 2022, there were no loans, quasi-loans and other dealing arrangements in favour of the directors, bodies corporate controlled by and connected entities with the directors (2021: nil).

Save as disclosed in Note 32 to the consolidated financial statement, no significant transactions, arrangements and contracts in relation to the Group's business to which the Group was a party and in which a director had a material interest, whether directly or indirectly, subsisted at 31 December 2022 or at any time during the year ended 31 December 2022 (2021: nil).

There was no arrangement under which a director waived or agreed to waive any emoluments during the year ended 31 December 2022 (2021: nil).

There were no amounts paid/payable to directors as an inducement to join or upon joining the Group during the year ended 31 December 2022 (2021: nil).

There was no compensation paid/payable to directors or past Directors for the loss of office as a director or for the loss of any other office in connection with the management of the affairs of the Company and its subsidiaries during the year ended 31 December 2022 (2021: nil).

There were no other emoluments paid/payable to the INED during the year ended 31 December 2022 (2021: nil).

10 FINANCE COSTS, NET

	Year ended 31 December	
	2022 HK$'000	2021 HK$'000
Finance income		
– Interest income	**6**	2
Finance costs		
– Interest expense on lease liabilities	**(168)**	(187)
– Imputed interest expense on loan from government	**(123)**	(102)
	(291)	(289)
Finance costs, net	**(285)**	(287)

11 INCOME TAX CREDIT/(EXPENSE)

Canadian corporate income tax has been provided at the rate of 26.5% for the year ended 31 December 2022 (2021: 26.5%) on the Group's respective taxable income, if any. No Canadian departure tax and Canadian deemed disposition tax have been provided for the year ended 31 December 2022 (2021: at the rate of 5% and 26.5% on the Group's deemed disposal gain and deemed capital gain, respectively). United States federal income tax has been provided at the rate of 21% for the year ended 31 December 2022 (2021: 21%) on the Group's respective taxable loss and the United States state and city tax has been calculated on the estimated assessable profit at 14.95% for the year ended 31 December 2022 (2021: 14.95%).

	Year ended 31 December	
	2022	2021
	HK$'000	HK$'000
Current income tax		
– Canadian corporate income tax	**–**	2,433
– Canadian departure and deemed disposition tax (Note)	**–**	(39,732)
– Under provision in prior years	**(115)**	(2)
Deferred income tax (Note 21)	**1,188**	21,404
Income tax credit/(expense)	**1,073**	(15,897)

Note:

On 19 July 2021, the composition of the Board and the Board committees has been changed as a result of the change in control of the Company. Therefore, a provision of Canadian departure and deemed disposition tax of approximately HK$39,732,000 was charged in accordance with relevant tax rules and regulations.

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

	Year ended 31 December	
	2022	2021
	HK$'000	HK$'000
Loss before income tax	**14,875**	59,871
Tax calculated at domestic tax rates applicable to profits in the respective countries	**880**	17,326
Tax effect of income not subject to tax	**399**	142
Tax effect of expenses not deductible for tax purposes	**(91)**	(99)
Under provision in prior years	**(115)**	(2)
Tax losses not recognised	**–**	(805)
Recognition of previously unrecognised deferred tax assets	**–**	2,786
Reversal of write-down of deferred income tax assets	**–**	4,478
Effect on opening deferred tax balances resulting from an increase in applicable tax rate	**–**	9
Canadian departure and deemed disposition tax	**–**	(39,732)
Income tax credit/(expense)	**1,073**	(15,897)

12 LOSSES PER SHARE

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

	Year ended 31 December	
	2022	2021
Losses attributable to owners of the Company (HK$'000)	**(13,802)**	(75,768)
Weighted average number of ordinary shares in issue (Number of shares in thousand)	**1,200,000**	1,200,000
Basic and diluted losses per share (HK Cents)	**(1.2)**	(6.3)

Diluted losses per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. Potential ordinary shares are dilutive when, and only when, their conversion to ordinary shares would decrease earnings per share or increase loss per share. For the years ended 31 December 2022 and 2021, the Group has no dilutive potential ordinary shares.

13 DIVIDEND

The directors of the Company do not recommend the payment of a final dividend in respect of the year ended 31 December 2022 (2021: nil).

14 PROPERTY, PLANT AND EQUIPMENT

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

14 PROPERTY, PLANT AND EQUIPMENT *(CONTINUED)*

	Leasehold improvements HK$'000	Furniture, fixtures and office equipment HK$'000	Computer equipment HK$'000	Motor vehicle HK$'000	Total HK$'000
Year ended 31 December 2021					
Cost					
As at 1 January 2021	7,805	2,741	6,076	—	16,622
Additions	1,396	—	637	678	2,711
Exchange differences	79	28	(159)	—	(52)
As at 31 December 2021	9,280	2,769	6,554	678	19,281
Accumulated depreciation and impairment					
As at 1 January 2021	4,986	2,293	5,403	—	12,682
Charge for the year	1,624	256	462	11	2,353
Exchange differences	36	20	22	—	78
As at 31 December 2021	6,646	2,569	5,887	11	15,113
Net carrying amount	2,634	200	667	667	4,168

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

	Year ended 31 December	
	2022 HK$'000	2021 HK$'000
Selling expenses	**581**	1,908
Administrative expenses	**1,020**	445
	1,601	2,353

15 INTANGIBLE ASSETS

	Computer software HK$'000
Year ended 31 December 2022	
Cost	
As at 1 January 2022	**14,936**
Exchange differences	**(956)**
As at 31 December 2022	**13,980**
Accumulated amortisation and impairment	
As at 1 January 2022	**14,498**
Charge for the year	**428**
Exchange differences	**(947)**
As at 31 December 2022	**13,979**
Net carrying amount	**1**
Year ended 31 December 2021	
Cost	
As at 1 January 2021	14,788
Exchange differences	148
As at 31 December 2021	14,936
Accumulated amortisation and impairment	
As at 1 January 2021	12,761
Charge for the year	1,626
Exchange differences	111
As at 31 December 2021	14,498
Net carrying amount	438

15 INTANGIBLE ASSETS *(CONTINUED)*

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

	Year ended 31 December	
	2022	2021
	HK$'000	HK$'000
Selling expenses	**324**	1,319
Administrative expenses	**104**	307
	428	1,626

16 INTERESTS IN JOINT VENTURE

As at 31 December 2021 and 2022, the Company had the following principal joint venture:

Name of company	Place of incorporation and kind of legal entity	Principal activities	Particulars of issued share capital/ registered capital	Attributable interest to the Group (%) 2022	Attributable interest to the Group (%) 2021
Triplabs (BVI) Limited (Note)	British Virgin Islands and limited liability company	Investment holding (Engaged in tourism and travel technology related businesses through a wholly owned subsidiary)	200,000 common shares	0%	50%

Note:

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

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

16 INTERESTS IN JOINT VENTURE *(CONTINUED)*

(a) Share of net assets of joint venture

	Year ended 31 December	
	2022	2021
	HK$'000	HK$'000
Beginning of year	**9,400**	10,681
Share of net losses of joint venture	**(352)**	(1,281)
Disposal	**(9,048)**	—
End of year	**—**	9,400

Set out below is the summary of the financial information for the joint venture of the Group.

Summarised the statement of financial position

	As at 31 December 2021 HK$'000
Assets	
Interests in a joint venture	—
Current assets	
Cash and cash equivalents	6,978
Prepayment	10
Financial assets at FVTPL	11,993
Total assets	18,981
Liabilities	
Current liabilities	
Other current liabilities	181
Total liabilities	181
Net assets	18,800
Group share in %	50%
Group share in net assets	9,400

16 INTERESTS IN JOINT VENTURE *(CONTINUED)*

(a) Share of net assets of joint venture *(continued)*

Summarised statement of comprehensive income

	For the period from 1 January 2022 to 4 August 2022 HK$'000	For the year ended 31 December 2021 HK$'000
Other income and other losses, net	**(564)**	(2,299)
Administrative expenses	**(140)**	(263)
	(704)	(2,562)
Income tax expense	**—**	—
Loss after tax	**(704)**	(2,562)

17 FINANCIAL INSTRUMENTS BY CATEGORY

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

17 FINANCIAL INSTRUMENTS BY CATEGORY *(CONTINUED)*

	Loans and receivables HK$'000	Financial assets measured at FVTPL HK$'000	Financial asset measured at FVTOCI HK$'000	Total HK$'000
Assets as per consolidated statement of financial position				
As at 31 December 2021				
Trade receivables	11,345	—	—	11,345
Deposits and other receivables	24,495	—	—	24,495
Cash and cash equivalents	48,749	—	—	48,749
Financial assets at FVTPL	—	1,521	—	1,521
Financial asset at FVTOCI	—	—	3,185	3,185
Total	84,589	1,521	3,185	89,295

	Liabilities measured at amortised cost HK$'000
As at 31 December 2022	
Trade payables	**12**
Accruals and other payables (excluding sales tax payable and accrued staff costs and management fees)	**63,464**
Loan from government	**4,010**
Lease liabilities	**4,098**
Total	**71,584**
As at 31 December 2021	
Trade payables	11,432
Accruals and other payables (excluding sales tax payable and accrued staff costs and management fees)	54,858
Loan from government	4,160
Lease liabilities	4,483
Total	74,933

18 TRADE RECEIVABLES

	As at 31 December 2022 HK$'000	As at 31 December 2021 HK$'000
Incentive commission receivables	**1,831**	1,923
Less: ECLs allowance	**(436)**	(535)
	1,395	1,388
Other business process management income receivables	**–**	8,058
Less: ECLs allowance	**–**	(208)
	–	7,850
Other trade receivables	**795**	2,187
Less: ECLs allowance	**(32)**	(80)
	763	2,107
	2,158	11,345

Trade receivables primarily represent incentive commission receivables from airlines (2021: other business process management income receivables). The payment periods from customers generally range from 30 to 90 days.

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

	As at 31 December 2022 HK$'000	As at 31 December 2021 HK$'000
0 to 60 days	**1,096**	8,067
Over 60 days	**1,062**	3,278
	2,158	11,345

As at 31 December 2022, no trade receivables (2021: HK$1,568,000) was past due but not impaired. These primarily represent other business process management income receivables and incentive commission receivables from airlines. Based on past experience and customers' repayment record, the amounts can be recovered.

18 TRADE RECEIVABLES *(CONTINUED)*

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

	As at 31 December	
	2022	2021
	HK$'000	HK$'000
Not overdue	**2,158**	9,777
1-90 days	**—**	1,539
91-180 days	**—**	29
Over 180 days	**—**	—
	2,158	11,345

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

	As at 31 December	
	2022	2021
	HK$'000	HK$'000
CAD	**893**	10,197
USD	**1,265**	1,148
	2,158	11,345

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

19 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 31 December	
	2022	2021
	HK$'000	HK$'000
Rental and other deposits	**371**	1,301
Prepaid expenses	**829**	1,232
Prepaid tour and air ticket costs	**1,646**	1,777
Receivables from travel companies for ticket costs	**117,052**	112,712
Other receivables	**318**	470
	120,216	117,492
Less: ECLs allowance	**(84,211)**	(89,988)
	36,005	27,504

19 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES *(CONTINUED)*

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

	As at 31 December	
	2022	2021
	HK$'000	HK$'000
CAD	**19,666**	14,324
USD	**13,671**	9,981
Others	**193**	190
	33,530	24,495

20 CASH AND CASH EQUIVALENTS

	As at 31 December	
	2022	2021
	HK$'000	HK$'000
Cash on hand	**1**	3
Cash at banks	**43,779**	48,746
	43,780	48,749

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

	As at 31 December	
	2022	2021
	HK$'000	HK$'000
CAD	**37,581**	37,059
USD	**4,905**	2,119
HKD	**1,248**	9,538
Others	**46**	33
	43,780	48,749

21 DEFERRED INCOME TAX

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

	As at 31 December	
	2022	2021
	HK$'000	HK$'000
Deferred income tax assets		
Tax losses	**15,534**	15,135
Other deductible temporary differences (including ECLs allowance)	**26,244**	28,086
	41,778	43,221
Deferred income tax liabilities		
Accelerated tax depreciation	**–**	(296)
	–	(296)

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

Deferred income tax assets

	2022	2021
	HK$'000	HK$'000
Tax losses		
At 1 January	**15,135**	6,642
Credit to profit or loss (Note 11)	**2,134**	8,491
Exchange differences	**(1,735)**	2
At 31 December	**15,534**	15,135

	2022	2021
	HK$'000	HK$'000
Other deductible temporary differences (including ECLs allowance)		
At 1 January	**28,086**	15,410
Increase in applicable tax rate (Note 11)	**–**	9
(Charged) Credited to profit or loss (Note 11)	**(1,236)**	12,553
Exchange differences	**(606)**	114
At 31 December	**26,244**	28,086

21 DEFERRED INCOME TAX *(CONTINUED)*

Deferred income tax assets *(continued)*

The Group has US state tax losses, US city tax losses and US federal tax losses in the amount of HK$3,148,000, HK$3,147,000 and HK$2,934,000 respectively (2021: HK$1,177,000, HK$1,176,000, HK$855,000) as at 31 December 2022 which are available for offsetting against future taxable profit of the company in which the losses arose. US state tax losses of HK$214,000, HK$901,000 and HK$2,033,000 (2021: HK$322,000, HK$901,000 and HK$Nil) expire by 31 December 2024, 31 December 2041 and 31 December 2042 respectively while US city tax losses of HK$214,000, HK$900,000 and HK$2,033,000 (2021: HK$322,000, HK$900,000 and HK$Nil) expire by 31 December 2024, 31 December 2041 and 31 December 2042 respectively. The US federal tax losses have no expiry date. The Group has non-capital tax losses in Canada of HK$5,272,000 (2021: HK$Nil) expire by 31 December 2042 and capital tax losses in Canada of HK$Nil (2021: HK$352,000) with no expiry dates as at 31 December 2022. These tax losses are subject to further approval by the relevant tax authority. All the deferred tax assets resulting from tax losses during the year have been recognised.

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

Deferred income tax liabilities

	2022 HK$'000	2021 HK$'000
Accelerated tax depreciation		
At 1 January	**(296)**	(638)
Credited to profit or loss (Note 11)	**290**	351
Exchange differences	**6**	(9)
At 31 December	**–**	(296)

22 FINANCIAL ASSETS AT FVTPL/FVTOCI

	Note	**As at 31 December 2022 HK$'000**	As at 31 December 2021 HK$'000
Non-current assets			
Financial asset at FVTPL			
Government Bond	(i)	**–**	1,521
Financial asset at FVTOCI			
Unlisted equity investments	(ii)	**3,187**	3,185
Current assets			
Financial asset at FVTPL			
Government Bond	(i)	**1,426**	–

22 FINANCIAL ASSETS AT FVTPL/FVTOCI *(CONTINUED)*

Notes

(i) This represents a government bond issued by the Canadian government. The carrying amount of the government bond issued by the Canadian government was CAD248,000 (equivalent to approximately HK$1,426,000) as at 31 December 2022 (2021: CAD247,000). The interest rate for the bond is 1.8% per annum with a maturity date of 21 March 2023. Fair value gain on the government bond of HK$2,000 was recognised in "other gain, net" for the year ended 31 December 2022 (2021: fair value loss HK$2,000).

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

(ii) The unlisted equity investment measured at FVTOCI was acquired in June 2019. The directors of the Company classified the investment as financial asset at FVTOCI as the investment represented 1.4% (2021: 1.5%) of the equity interests and it is held for long term strategic gains and not for trading. The fair value of the unlisted equity investment is a level 3 recurring fair value measurement. The fair value is measured by reference to a valuation report issued by an independent valuation expert with market approach (note 3.3). Fair value gain on the unlisted equity investment of HK$220,000 was recognised in other comprehensive income for the year ended 31 December 2022 (2021: fair value loss of HK$631,000).

23 SHARE CAPITAL AND OTHER RESERVE

(a) Share capital

	Number of ordinary shares ('000)	Nominal value of ordinary shares HK$'000
Authorised:		
Ordinary shares of HK$0.0001 each		
As at 1 January 2021, and 31 December 2021 and 2022	**90,000,000**	**9,000**
Issued and fully paid:		
As at 1 January 2021, and 31 December 2021 and 2022	**1,200,000**	**120**

(b) Other reserve

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

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

(c) Financial asset at FVTOCI reserve

Financial asset at FVTOCI reserve comprises the cumulative net change in fair value of unlisted equity investments held at the end of the reporting period and is dealt with in accordance with the accounting policies in note 2.26.

24 TRADE PAYABLES

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

	As at 31 December 2022 HK$'000	As at 31 December 2021 HK$'000
0 to 30 days	**12**	4,170
31 to 60 days	**—**	4,386
Over 60 days	**—**	2,876
	12	11,432

24 TRADE PAYABLES *(CONTINUED)*

Trade payables are denominated in the following currencies:

	As at 31 December	
	2022 HK$'000	2021 HK$'000
CAD	**—**	10,419
USD	**12**	1,013
	12	11,432

25 ACCRUALS AND OTHER PAYABLES AND CONTRACT LIABILITIES

(a) Accruals and other payables

	As at 31 December 2022 HK$'000	As at 31 December 2021 HK$'000
Accrued staff costs and management fees	**752**	1,004
Accrued expenses	**3,456**	7,400
Payables to airlines (Note)	**17,847**	12,311
Receipt in advance from a customer in relation to travel business process management	**35,200**	27,821
Sales tax payable	**475**	662
Payables to travel companies	**1,403**	1,698
Other payables	**5,558**	5,628
	64,691	56,524

Note:

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

25 ACCRUALS AND OTHER PAYABLES AND CONTRACT LIABILITIES *(CONTINUED)*

(a) Accruals and other payables *(continued)*

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

	As at 31 December	
	2022 **HK$'000**	2021 HK$'000
CAD	**59,368**	48,967
USD	**2,259**	1,081
HKD	**1,837**	4,810
	63,464	54,858

(b) Contract liabilities

	As at 31 December	
	2022 **HK$'000**	2021 HK$'000
Contract liabilities arising from sale of travel products and services	**21**	30
Contract liabilities arising from sale of air ticket distribution	**74**	385
	95	415

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

The movements in contract liabilities are as follow:

	2022 **HK$'000**	2021 HK$'000
Balance as at 1 January	**415**	1,359
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of year	**(390)**	(1,384)
Exchange differences	**(25)**	25
	—	—
Increase in contract liabilities as a result of billing in advance	**83**	418
Exchange differences	**12**	(3)
Balance as at 31 December	**95**	415

26 BANKING FACILITIES

As at 31 December 2022, the Group has banking facilities available in the form of letters of guarantee of HK$14,394,000 (2021: HK$15,378,000) in which HK$4,935,000 (2021: HK$5,134,000) was utilised and secured by a Canadian Crown corporation, an enterprise wholly owned by the Government of Canada.

The Group was in compliance with all banking covenants as at 31 December 2022 and 2021.

27 LEASES

Nature of leasing activities (in the capacity as lessee)

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

RIGHT-OF-USE ASSETS

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

	31 December 2022 HK$'000	31 December 2021 HK$'000
Equipment and properties leased for own use, carried at depreciated cost		
Office equipment, carried at depreciated cost	40	49
Office premises, carried at depreciated cost	2,896	3,199
Total	2,936	3,248

Reconciliation of right-of-use assets	Office equipment HK$'000	Office premise HK$'000	Total HK$'000
At 1 January 2021	7	3,888	3,895
Addition	55	1,296	1,351
Depreciation	(13)	(2,040)	(2,053)
Exchange differences	—	55	55
At 31 December 2021 and at 1 January 2022	49	3,199	3,248
Addition	—	1,554	1,554
Depreciation	(9)	(1,697)	(1,706)
Exchange differences	—	(160)	(160)
At 31 December 2022	40	2,896	2,936

27 LEASES *(CONTINUED)*

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

LEASE LIABILITIES

Reconciliation of lease liabilities	Office equipment HK$'000	Office premise HK$'000	Total HK$'000
At 1 January 2021	8	4,963	4,971
Additions	55	1,296	1,351
Interest expenses	1	186	187
Repayments	(15)	(2,071)	(2,086)
Exchange differences	—	60	60
At 31 December 2021 and at 1 January 2022	49	4,434	4,483
Additions	—	1,554	1,554
Interest expenses	1	167	168
Repayments	(12)	(1,858)	(1,870)
Exchange differences	—	(237)	(237)
At 31 December 2022	38	4,060	4,098

Future lease payments are due as follows:

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

27 LEASES *(CONTINUED)*

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

LEASE LIABILITIES *(continued)*

	Minimum lease payments 31 December 2021 HK$'000	Interest 31 December 2021 HK$'000	Present value 31 December 2021 HK$'000
Not later than one year	1,480	(24)	1,456
Later than one year and not later than two years	1,284	(63)	1,221
Later than two years and not later than five years	2,039	(233)	1,806
	4,803	(320)	4,483

The present value of future lease payments are analysed as:

	2022 HK$'000	2021 HK$'000
Current liabilities	**1,719**	1,456
Non-current liabilities	**2,379**	3,027
	4,098	4,483

	2022 HK$'000	2021 HK$'000
Short term lease expense	**991**	1,196
Aggregate undiscounted commitments for short term leases	**–**	492

28 LOAN FROM GOVERNMENT

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

	31 December 2022 HK$'000	31 December 2021 HK$'000
Repayable within one year	**755**	—
Repayable after one year but within two years	**778**	683
Repayable after two years but within five years	**2,477**	2,569
Repayable after five years	**—**	908
	4,010	4,160

The Group obtained a loan from the Government of Canada under the Regional Economic Growth Through Innovation program. As at 31 December 2022, the Group's borrowing were denominated in CAD and non-interest bearing (2021: CAD and non-interest bearing).

29 CASH (USED IN)/GENERATED FROM OPERATIONS

	Year ended 31 December	
	2022 HK$'000	2021 HK$'000
Cash flows from operating activities		
Loss before income tax	**(14,875)**	(59,871)
Adjustments for:		
Depreciation of property, plant and equipment	**1,601**	2,353
Amortisation of intangible assets	**428**	1,626
Depreciation of right-of-use assets	**1,706**	2,053
Foreign exchange gain	**(2,293)**	—
Finance costs, net	**285**	287
Dividends income from listed equity securities	**—**	(7)
Gain on disposal of financial assets at FVTPL	**—**	(179)
Fair value change in financial assets at FVTPL	**(2)**	2
(Reversal)/Provision of ECLs allowance on financial assets	**(3,962)**	39,307
Share of net losses of joint ventures	**352**	1,281
Gain on disposal of joint venture	**(182)**	—
Operating cash flows before changes in working capital	**(16,942)**	(13,148)
Changes in working capital:		
Trade receivables	**9,171**	(7,429)
Prepayments, deposits and other receivables	**(6,236)**	(16,996)
Trade payables	**(11,182)**	11,339
Accruals and other payables	**12,247**	40,952
Contract liabilities	**(307)**	(966)
Cash (used in)/generated from operations	**(13,249)**	13,752

29 CASH (USED IN)/GENERATED FROM OPERATIONS *(CONTINUED)*

Significant non-cash transaction

During the year ended 31 December 2022, there was no significant investing or financing non-cash transactions.

During the year ended 31 December 2021, contribution amounting to HK$26,141,000 by the shareholders was directly paid to Canada Revenue Agency for settlement of the Canadian departure and deemed disposition tax liability of the Company.

30 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Loan from government HK$'000	Lease liabilities HK$'000	Total HK$'000
At 1 January 2021	2,666	4,971	7,637
Non-cash changes:			
– Gain on modification of loan from government	(60)	—	(60)
– Imputed interest recognised as other income	(113)	—	(113)
– Interest expense	102	187	289
– Additions of lease liabilities	—	1,351	1,351
Proceeds from borrowing	1,551	—	1,551
Repayment of principal elements	—	(1,899)	(1,899)
Repayment of interest elements	—	(187)	(187)
Foreign exchange adjustments	14	60	74
At 31 December 2021	4,160	4,483	8,643
Non-cash changes:			
– Interest expense	123	168	291
– Additions of lease liabilities	—	1,554	1,554
Repayment of principal elements	—	(1,702)	(1,702)
Repayment of interest elements	—	(168)	(168)
Foreign exchange adjustments	(273)	(237)	(510)
At 31 December 2022	**4,010**	**4,098**	**8,108**

31 CONTINGENT LIABILITIES

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

Apart from the aforesaid claims, the Group was not involved in any other material litigation or arbitration during the years ended 31 December 2021 and 2022.

32 RELATED PARTY TRANSACTIONS

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

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

Name	Relationships
Mr. Liu Xue Bin#	Director
Dr. Mariana Kou Chung Yin#	Director
Mr. Liu Jiefeng#	Director
Mrs. Rita Pik Fong Tsang*	Director and senior management
Ms. Annie Shuk Fong Tsu*	Director and senior management
Dr. Kwok Chun Dennis Chu*	Director

Note: Appointed as director of the Company with effective from 19 July 2021.

* Note: Resigned from director of the Company with effective from 19 July 2021.

(a) Transactions with key management personnel

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

	Year ended 31 December	
	2022 **HK$'000**	2021 HK$'000
Repayment of lease liabilities and interest (Note (b))	**–**	620
Short-term leases expenses (Note (b))	**–**	868
Compensation income for early termination of lease contract (Note (c))	**1,042**	—
Proceeds from disposal of property, plant and equipment (Note (c))	**802**	—
	1,844	1,488

Notes:

(a) The above transactions were mutually agreed by both parties at a fixed sum or charged based on cost incurred.

(b) The repayment of lease liabilities and interests was incurred from the lease transaction entered with the key management personnel which was ended during the year ended 31 December 2021. Another new short-term lease agreement was signed with the key management personnel during the year ended 31 December 2021.

(c) During the year ended 31 December 2022, such short-term lease agreement was early terminated and compensation income for the early termination was then received by the Group from the landlords, two of which were the key management personnel of the Group. Moreover, certain property, plant and equipment were also disposed at their net book value of approximately HK$802,000 to the key management personnel as a result of the early termination for the year ended 31 December 2022.

32 RELATED PARTY TRANSACTIONS *(CONTINUED)*

(b) Key management compensation

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

	Year ended 31 December	
	2022	2021
	HK$'000	HK$'000
Directors' fees, salaries, bonuses and allowances	**8,510**	7,317
Pension costs	**78**	49
	8,588	7,366

33 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENTS OF THE COMPANY

	Notes	**As at 31 December 2022 HK$'000**	As at 31 December 2021 HK$'000
ASSETS			
Non-current assets			
Investment in subsidiaries	34	**151,200**	181,200
Property, plant and equipment		**1,026**	1,862
Right-of-use assets		**454**	1,088
Deferred income tax assets		**13,148**	14,816
		165,828	198,966
Current assets			
Prepayment		**466**	463
Amount due from subsidiaries		**15,560**	19,367
Cash and cash equivalents		**1,165**	9,483
		17,191	29,313
Total assets		**183,019**	228,279
EQUITY			
Equity attributable to the owners of the Company			
Share capital	23(a)	**120**	120
Share premium	(i)	**88,248**	88,248
Other reserve	(i)	**151,109**	181,109
Accumulated losses	(i)	**(70,524)**	(59,887)
Total equity		**168,953**	209,590

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

	Notes	As at 31 December 2022 HK$'000	As at 31 December 2021 HK$'000
Non-current liabilities			
Lease liabilities		**27**	450
Current liabilities			
Other payable		**1,380**	4,010
Lease liabilities		**431**	638
Income tax payables		**12,228**	13,591
		14,039	18,239
Total liabilities		**14,066**	18,689
Total equity and liabilities		**183,019**	228,279

The statements of financial position of the Company was approved by the Board of Directors on 31 March 2023 and was signed on its behalf.

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

Liu Xue Bin
Executive Director

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

	Share premium HK$'000	Other reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2021	88,248	181,109	(46,290)	223,067
Comprehensive loss				
Loss for the year	—	—	(39,738)	(39,738)
Total comprehensive income for the year	—	—	(39,738)	(39,738)
Total transactions with owners in their capacity as owners:				
– Contribution by shareholders	—	—	26,141	26,141
At 31 December 2021	88,248	181,109	(59,887)	209,470
Comprehensive loss				
Loss for the year	—	—	(40,637)	(40,637)
Transfer from other reserve		(30,000)	30,000	—
Total comprehensive income for the year	—	(30,000)	(10,637)	(40,637)
At 31 December 2022	**88,248**	**151,109**	**(70,524)**	**168,833**

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

34 INVESTMENT IN SUBSIDIARIES

	As at 31 December	
	2022 HK$'000	2021 HK$'000
Investment in unlisted shares	**540,000**	540,000
Less: impairment loss	**(388,800)**	(358,800)
Investment in subsidiaries, net	**151,200**	181,200

34 INVESTMENT IN SUBSIDIARIES *(CONTINUED)*

As at 31 December 2022 and 2021, the Company had direct and indirect interests in the following principal subsidiaries, which in opinion of the directors, materially affect the results on assets of the Group:

Name of company	Place of incorporation and principal place of business	Kind of legal entity	Principal activities	Particulars of issued share capital/ registered capital	Proportion of ordinary shares held	
					directly	indirectly
BVTEHU Inc.	Ontario, Canada	Limited liability company	Investment holding	101 common shares	100%	–
Tour East Holidays (Canada) Inc. ("**Tour East Canada**")	Ontario, Canada	Limited liability company	Engaged in air ticket distribution, travel business process management and provision of travel products and services	107 common shares	–	100%
Tour East Holidays (New York) Inc. ("**Tour East New York**")	New York, United States	Limited liability company	Engaged in air ticket distribution, travel business process management and provision of travel products and services	200 common shares	–	100%

FINANCIAL SUMMARY

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

RESULTS	Year ended 31 December 2022 HK$('000)	2021 HK$('000)	2020 HK$('000)	2019 HK$('000)	2018 HK$('000)
Revenue	**45,777**	55,822	51,605	112,141	149,181
Cost of sales	**(23,250)**	(39,235)	(28,024)	(31,792)	(45,493)
Gross profit	**22,527**	16,587	23,581	80,349	103,688
(Loss)/profit before income tax	**(14,875)**	(59,871)	(54,116)	15,515	15,715
(Loss)/profit for the year	**(13,802)**	(75,768)	(48,061)	10,747	11,095
Adjustments:					
Add:					
Departure and Deemed Disposition Taxes	**–**	39,732	–	–	–
Listing expenses	**–**	–	–	–	18,068
Less:					
Deferred income tax recognised in income tax expenses	**–**	(8,281)	–	–	–
Deductible Listing expenses recognized in deferred income tax	**–**	–	–	–	(4,788)
Adjusted (loss)/profit for the year (Note)	**(13,802)**	(44,317)	(48,061)	10,747	24,375

Note: Adjusted loss for the year ended 31 December 2021 refers to loss for the year (i) add back provision of Departure and Deemed Disposition Taxes and (ii) less deferred income tax impact recognised in income tax expenses for non-capital loss carryforward. Adjusted profit for the year ended 31 December 2018 refers to profit for the years excluding (i) listing expenses and (ii) deferred income tax impact from the deductible listing expenses recognised in income tax expenses. The adjusted (loss)/profit for the year is solely for reference. They are non-IFRSs measures not intended to be considered in isolation or as substitute for the financial information prepared and presented in accordance with IFRSs. Shareholders of the Company and potential investors are encouraged to review the financial information of the Group in its entirety.

ASSETS AND LIABILITIES	As at 31 December 2022 HK$('000)	2021 HK$('000)	2020 HK$('000)	2019 HK$('000)	2018 HK$('000)
Current assets	**83,668**	90,243	91,584	201,831	228,426
Non-current assets	**49,282**	65,181	47,876	50,743	40,671
Total assets	**132,950**	155,424	139,460	252,574	269,097
Current liabilities	**(79,500)**	(83,418)	(18,930)	(79,395)	(107,512)
Non-current liabilities	**(5,634)**	(7,483)	(6,665)	(6,033)	(696)
Total liabilities	**(85,134)**	(90,901)	(25,595)	(85,428)	(108,208)
Equity attributable to the owners of the Company	**47,816**	64,523	113,865	167,146	160,889