

# 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 2021





# CONTENTS

Financial Highlights	2
Corporate Information	3
Chairperson's Statement	4
Management Discussion and Analysis	7
Biographies of the Directors and Senior Management	16
Corporate Governance Report	21
Report of the Directors	31
Independent Auditor's Report	43
Consolidated Statement of Comprehensive Income	49
Consolidated Statement of Financial Position	50
Consolidated Statement of Changes in Equity	52
Consolidated Statement of Cash Flows	53
Notes to the Consolidated Financial Statements	54
Financial Summary	122

# FINANCIAL HIGHLIGHTS

	Year ended 31 December		
	2021 HK\$ million	2020 HK\$ million	Increase/ (decrease)
Revenue	55.8	51.6	8.1%
Gross profit	16.6	23.6	(29.7%)
Loss for the year	(75.8)	(48.1)	(57.6%)
Non-IFRSs measures:			
Adjusted loss for the year (unaudited) <sup>(Note)</sup>	(44.3)	(48.1)	7.9%
Basic and diluted losses per share (HK cents)	(6.3)	(4.0)	(57.5%)
Proposed final dividend per share (HK cents)	—	—	—

Note: Adjusted loss for the year refers to loss for the year ended 31 December 2021 (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	As at	Increase/ (decrease)
	31 December 2021 HK\$ million	31 December 2020 HK\$ million	
Total assets	155.4	139.5	11.4%
Shareholders' equity	64.5	113.9	(43.4%)
Current ratio and quick ratio (times)	1.1	4.8	(77.1%)
Gearing Ratio (%)	6.4	2.3	178.3%

# CORPORATE INFORMATION



## BOARD OF DIRECTORS

### Executive Directors

Ms. Kou Chung Yin Mariana  
(*Chairperson and Chief Executive Officer*) (Note 1)  
Mr. Liu Xue Bin (Note 1)  
Mrs. Rita Pik Fong Tsang (*Chairperson*) (Note 2)  
Ms. Annie Shuk Fong Tsu (*Chief Executive Officer*) (Note 2)

### Non-executive Director

Mr. Liu Jiefeng (Note 1)  
Dr. Kwok Chun Dennis Chu (Note 2)

### Independent Non-executive Directors

Mr. Fong Wai Bun Benny (Note 1)  
Ms. Suen Yin Wah Chloe (Note 1)  
Ms. Kwan Ka Yee (Note 1)  
Dr. Michael Edward Ricco (Note 2)  
Mrs. Kitty Yuk-Yee Yeung (Note 2)  
Mr. Sik Yuen Lau (Note 2)

## AUDIT COMMITTEE

Ms. Kwan Ka Yee (*Chairperson*) (Note 1)  
Mr. Fong Wai Bun Benny (Note 1)  
Ms. Suen Yin Wah Chloe (Note 1)  
Mr. Sik Yuen Lau (*Chairperson*) (Note 2)  
Dr. Michael Edward Ricco (Note 2)  
Dr. Kwok Chun Dennis Chu (Note 2)

## REMUNERATION COMMITTEE

Mr. Fong Wai Bun Benny (*Chairperson*) (Note 1)  
Mr. Liu Xue Bin (Note 1)  
Ms. Kwan Ka Yee (Note 1)  
Dr. Michael Edward Ricco (*Chairperson*) (Note 2)  
Mrs. Kitty Yuk-Yee Yeung (Note 2)  
Mr. Sik Yuen Lau (Note 2)  
Dr. Kwok Chun Dennis Chu (Note 2)

## NOMINATION COMMITTEE

Ms. Suen Yin Wah Chloe (*Chairperson*) (Note 1)  
Ms. Kou Chung Yin Mariana (Note 1)  
Mr. Fong Wai Bun Benny (Note 1)  
Mrs. Rita Pik Fong Tsang (*Chairperson*) (Note 2)  
Mrs. Kitty Yuk-Yee Yeung (Note 2)  
Dr. Michael Edward Ricco (Note 2)

## COMPANY SECRETARY

Mr. Kai Yu Chow (*HKICPA*)

## AUTHORISED REPRESENTATIVES

Ms. Kou Chung Yin Mariana (Note 1)  
Ms. Annie Shuk Fong Tsu (Note 2)  
Mr. Kai Yu Chow

## REGISTERED OFFICE

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

## PRINCIPAL PLACE OF BUSINESS IN CANADA

15 Kern Road  
Toronto, Ontario  
Canada M3B 1S9

## HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

## 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

Note 1: appointed with effect from 19 July 2021  
Note 2: resigned with effect from 19 July 2021

# 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 2021 (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 travelers and issue 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 on behalf of a healthcare company; 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 travelers.

The Group's performance in 2021 continued to be impacted by the ongoing pandemic of the coronavirus disease 2019 (“**COVID-19**”). These uncertainties negatively affected the Group's financial performance in 2021 notwithstanding that there was a gradual recovery of the travel industries with increasing rate of vaccination worldwide. The Group also leveraged its knowledge and experience from travel business process management segment to explore new business opportunities, and had secured a new customer during the year, which is a healthcare company in Canada, to provide business process management services to support COVID-19 tests in the airports in Canada in 2021. The Group thereby recognised a new business process management segment for the year ended 31 December 2021. The total revenue of the Group increased by approximately HK\$4.2 million or approximately 8.1%, from approximately HK\$51.6 million for the year ended 31 December 2020 to approximately HK\$55.8 million for the year ended 31 December 2021, which was mainly due to revenue generated from this new business process management segment. The gross profit decreased by approximately HK\$7.0 million or approximately 29.7%, from approximately HK\$23.6 million for the year ended 31 December 2020 to approximately HK\$16.6 million for the year ended 31 December 2021. The overall gross profit margin decreased by approximately 16.0%, from approximately 45.7% for the year ended 31 December 2020 to approximately 29.7% for the year ended 31 December 2021, which was primarily attributable to the decrease in the gross profit margin in the air ticket distribution segment and the relatively lower gross profit margin for the other business process management segment.

## Air Ticket Distribution

Air ticket distribution business segment continued to be impacted by the COVID-19 pandemic in 2021. Segment revenue dropped by approximately 65.4%, from approximately HK\$21.4 million for the year ended 31 December 2020 to approximately HK\$7.4 million for the year ended 31 December 2021, and accounted for approximately 13.3% of the total revenue of the Group for the year ended 31 December 2021. Such decrease was mainly attributable to the decrease in transaction volume of air tickets sales and gross sales proceeds generated from air tickets sales, primarily due to the decline in international travel caused by travel restrictions imposed by countries where the Group was based in and across the world in response to the COVID-19 pandemic. As one of the International Airport Transportation 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 2021, 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 China.

## CHAIRPERSON'S STATEMENT



### Travel Business Process Management

The Group continued to provide a range of travel business process management services including air ticket transaction processing, customer contact, BSP/ARC settlement and reconciliation, software development and travel licensing, compliance, and other administrative matters to its customers. Segment revenue generated from travel business process management decreased by approximately 7.5%, from approximately HK\$28.1 million for the year ended 31 December 2020 to approximately HK\$26.0 million for the year ended 31 December 2021, and accounted for approximately 46.7% of the total revenue of the Group for the year ended 31 December 2021. The management has continued its efforts 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. During the year ended 31 December 2021, the Group had been providing travel business process management services to 10 customers including certain well-known global brands.

### Other business process management

By leveraging the knowledge and experience from travel business process management segment, the Group started to provide business process management services to a healthcare company in Canada in relation to COVID-19 tests in the airports in Canada in 2021 and thereby recognised a new business process management segment for the year ended 31 December 2021. The Group provided a range of business process management services including translation, customer contact, software support and other administrative services. Segment revenue generated from other business process management was approximately HK\$22.3 million for the year ended 31 December 2021 and accounted for approximately 40.0% of the total revenue of the Group.

### Travel Products and Services

The Group has 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 generated for the year ended 31 December 2021.

### 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 ended 31 December 2021 (2020: HK\$ nil). The Board will consider future dividend distribution in due course according to the Company's dividend policy.

### FUTURE PROSPECT

It is expected that the COVID-19 pandemic would continue to impact the airline, travel and tourism industry worldwide until the travel restrictions across countries are further relaxed. A series of measures have been adopted by the Group to control costs and to enhance cash flow and operational efficiency, including (i) the implementation of salary reduction on the part of the Directors and senior management of the Group; (ii) application for the Canada Emergency Wage Subsidy program; (iii) application for the Canada Emergency Rent Subsidy program; and (iv) streamlining of workflow. The situation relating to the spread and containment of the COVID-19 pandemic remains uncertain and fluid, and the Group will closely monitor the trend of the global environment and maintain a pragmatic approach for its businesses.

Further, as illustrated by the other business process management segment which was newly developed in 2021, the Group will continue to explore opportunities to diversify its business with its knowledge and experience so as to expand its income sources and enhance future earning capability and potential. 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 to create business synergy and bring value to shareholders of the Company ("**Shareholders**").

## CHAIRPERSON'S STATEMENT

---

### 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

**Ms. Kou Chung Yin Mariana**  
**Cinese International Group Holdings Limited**

*Chairperson and executive Director*

Hong Kong, 31 March 2022



# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL REVIEW

### REVENUE

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

	Year ended 31 December			
	2021		2020	
	HK\$'000	%	HK\$'000	%
Air ticket distribution	7,445	13.3	21,380	41.4
Travel business process management	26,041	46.7	28,118	54.5
Other business process management	22,336	40.0	—	—
Travel products and services	—	—	2,107	4.1
<b>Total</b>	<b>55,822</b>	<b>100.0</b>	<b>51,605</b>	<b>100.0</b>

The Group's revenue increased by approximately HK\$4.2 million or approximately 8.1%, from approximately HK\$51.6 million for the year ended 31 December 2020 to approximately HK\$55.8 million for the year ended 31 December 2021. Such increase was mainly attributable to revenue generated from the other business process management which was newly developed in 2021, partially offset by the decrease in revenue generated from the air ticket distribution segment.

#### Air Ticket Distribution

The revenue from air ticket distribution segment decreased by approximately HK\$14.0 million, or approximately 65.4%, from approximately HK\$21.4 million for the year ended 31 December 2020, to approximately HK\$7.4 million for the year ended 31 December 2021. Such decrease was mainly attributable to the decrease in the transaction volume of air tickets sales and gross sales proceeds generated from air tickets sales as a result of limited international travel due to the COVID-19 pandemic and travel restrictions such as entry restrictions, visa suspensions and quarantine measures imposed by countries where the Group was based in and across the world.

#### Travel Business Process Management

The revenue from travel business process management segment decreased by approximately HK\$2.1 million or approximately 7.5%, from approximately HK\$28.1 million for the year ended 31 December 2020 to approximately HK\$26.0 million for the year ended 31 December 2021. Such decrease was mainly attributable to the decrease in transaction volume in 2021 as a whole as a result of limited international travel due to the COVID-19 pandemic and travel restrictions across the world, notwithstanding there was a gradual recovery in transaction volume in the second half of 2021.

#### Other business process management

The Group secured a new customer, which is a healthcare company in Canada, to provide business process management services in relation to COVID-19 tests in the airports in Canada in the second half of 2021. The revenue from other business process management segment was approximately HK\$22.3 million for the year ended 31 December 2021.

#### Travel Products and Services

No revenue from travel products and services segment was generated for the year ended 31 December 2021, as the Group suspended the provision of package tours due to the COVID-19 pandemic and travel restrictions across the world.

## MANAGEMENT DISCUSSION AND ANALYSIS

### GROSS PROFIT AND GROSS PROFIT MARGIN

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

	For the year ended 31 December			
	2021		2020	
	Gross profit HK\$'000	Gross profit margin %	Gross profit HK\$'000	Gross profit margin %
Air ticket distribution	1,709	23.0	10,925	51.1
Travel business process management	12,629	48.5	11,176	39.7
Other business process management	2,249	10.1	—	—
Travel products and services	—	—	1,480	70.2
<b>Total</b>	<b>16,587</b>	<b>29.7</b>	<b>23,581</b>	<b>45.7</b>

The gross profit decreased by approximately HK\$7.0 million or approximately 29.7%, from approximately HK\$23.6 million for the year ended 31 December 2020 to approximately HK\$16.6 million for the year ended 31 December 2021.

The overall gross profit margin decreased by approximately 16.0%, from approximately 45.7% for the year ended 31 December 2020 to approximately 29.7% for the year ended 31 December 2021, which was primarily attributable to the decrease in the gross profit margin in the air ticket distribution segment and relatively lower profit margin for the other business process management segment newly developed in 2021.

#### Air Ticket Distribution

The gross profit attributable to air ticket distribution segment decreased by approximately HK\$9.2 million, or approximately 84.4%, from approximately HK\$10.9 million for the year ended 31 December 2020 to approximately HK\$1.7 million for the year ended 31 December 2021, which was in line with the decrease in the transaction volume of air tickets sales and gross sales proceeds generated from air tickets sales as a result of limited international travel due to the COVID-19 pandemic. The gross profit margin for air ticket distribution segment decreased by approximately 28.1% from approximately 51.1% for the year ended 31 December 2020 to approximately 23.0% for the year ended 31 December 2021, which was primarily attributable to a greater proportional decrease in the business segment revenue than the business segment cost of sales.

#### Travel Business Process Management

The gross profit attributable to travel business process management segment increased by approximately HK\$1.4 million, or approximately 12.5%, from approximately HK\$11.2 million for the year ended 31 December 2020 to approximately HK\$12.6 million for the year ended 31 December 2021. The gross profit margin for travel business process management segment increased by approximately 8.8% from approximately 39.7% for the year ended 31 December 2020 to approximately 48.5% for the year ended 31 December 2021, which was mainly due to the gradual recovery in revenue generated from transaction processing in the second half of 2021 which had a higher gross profit margin.

## MANAGEMENT DISCUSSION AND ANALYSIS



### Other business process management

The gross profit attributable to other business process management segment for the year ended 31 December 2021 was approximately HK\$2.2 million, with a gross profit margin of approximately 10.1%. The lower segment gross profit margin 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.

### Travel Products and Services

There was no gross profit attributable to travel products and services segment for the year ended 31 December 2021, as no segment revenue was recognised as a result of the Group's suspension of provision of package tours due to the COVID-19 pandemic and travel restrictions across the world.

### Other Income

Other income decreased by approximately HK\$ 7.2 million or approximately 33.6% from approximately HK\$21.4 million for the year ended 31 December 2020 to approximately HK\$14.2 million for the year ended 31 December 2021, which was mainly due to the decrease in grants received in relation to wage subsidies from the Canada Emergency Wage Subsidy Program as a result of the gradual recovery of the revenue of the Group.

### Selling Expenses

The selling expenses decreased by approximately HK\$4.8 million or approximately 42.5%, from approximately HK\$11.3 million for the year ended 31 December 2020 to approximately HK\$6.5 million for the year ended 31 December 2021, which was mainly due to the temporary closure of the Group's retail branches in Canada in light of the order of the Canadian government to close non-essential businesses in Ontario and Quebec since March 2020.

### Administrative Expenses

The administrative expenses increased by approximately HK\$3.6 million or approximately 9.1%, from approximately HK\$39.7 million for the year ended 31 December 2020 to approximately HK\$43.3 million for the year ended 31 December 2021, which was mainly due to the increase in legal and professional fee for corporate and restructuring activities, including the Share Offer (as defined below) which was closed in July 2021.

### Loss for the year

The results of the Group decreased by approximately HK\$27.7 million or approximately 57.6%, from the loss of approximately HK\$48.1 million for the year ended 31 December 2020 to the loss of approximately HK\$75.8 million for the year ended 31 December 2021. Such increase in loss for the year was mainly attributable to the following:

- the decrease in gross profit by approximately HK\$7.0 million or approximately 29.7%, from approximately HK\$23.6 million for the year ended 31 December 2020 to approximately HK\$16.6 million for the year ended 31 December 2021 as discussed in the sub-section headed "Gross Profit and Gross Profit Margin" above; and
- a net provision of Departure and Deemed Disposition Taxes of approximately HK\$31.4 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 as discussed in the sub-section headed "Change of Composition of The Board And its Tax Implication" below,

## MANAGEMENT DISCUSSION AND ANALYSIS

partly offset by:

- the decrease in expected credit losses (“ECLs”) allowance made in accordance with International Financial Reporting Standard (“IFRS”) 9 to certain financial assets due to uncertainty of economic recovery raising from COVID-19 pandemic by approximately HK\$10.8 million from approximately HK\$50.1 million for the year ended 31 December 2020 to approximately HK\$39.3 million for the year ended 31 December 2021.

### ECLs allowance for trade and other receivables

The Group’s performance in 2021 continued to be impacted by the ongoing COVID-19 pandemic. Whilst there was a gradual recovery in the travel industries with increasing rate of vaccination worldwide and there were predictions that the COVID-19 pandemic could ease in 2022, the rapid emerge of new variations and their increasing ability to spread have continued to trouble the world throughout 2021 and such trend is likely to continue in 2022. During the Year, due to the continual COVID-19 pandemic and travel restrictions such as entry restrictions, visa suspensions and quarantine measures imposed by countries covering almost the whole 2021, a significant impact was caused on the travel industry worldwide. The practitioners of the travel industry, such as airlines, cruises and travel agents etc., including the Group have inevitably experienced a continual ordeal in 2021 after the already severe conditions in 2020. Due to an overall cliff-like drop in demand of international travels as well as the number of air travelers, the business operations of travel agents and airlines (being the customers of the Group) have been greatly reduced in 2020 and no significant recovery can be seen in 2021, hence, resulting in further difficulties in their financial solvency and triggered higher risk in their sustainability. On the other hand, the Group has experienced a lengthier repayment pattern from its debtors as compared to that of 2020.

In light of the above, at the end of the reporting period, the management of the Company had performed a comprehensive impairment assessment on the ECLs allowance for trade and other receivables of the Group in accordance with IFRS 9. The Group’s policy in respect of the provision of ECLs allowance for 2021 is the same as that for 2020. 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 Group measured ECLs allowances for (i) trade receivables in relation to margin income from sale of air ticket and incentive commissions from airlines, company-operated tours sold to sub-agents and business process management earned from travel companies and a healthcare company; and (ii) other receivables from travel companies for ticket costs, using lifetime ECLs under IFRS 9. 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 significant increase in allowance for ECLs was due to the COVID-19 pandemic and slow global and local economy in Canada in 2021 which resulted in prolonged ageing of the receivables from the debtors. Expected loss rates are estimated based on actual loss experience over the past two years and forward looking information. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group’s view of economic conditions over the expected lives of the receivables.

As at 31 December 2021, the accumulated ECLs allowance was HK\$90,811,000 (31 December 2020: HK\$51,125,000), among which the accumulated ECLs allowance for trade receivables was HK\$823,000 (31 December 2020: HK\$630,000) and the accumulated ECLs allowance for deposits and other receivables was HK\$89,988,000 (31 December 2020: HK\$50,495,000).

After due and careful consideration, the Board is of the view that the assessment on the ECLs allowance of the Group is fair and reasonable. Information on (i) the Group’s accounting policies on impairment of financial instruments; and (ii) the Group’s exposure to credit risk and ECLs for trade and other receivables are disclosed in notes 2.26(iii) and 3.1(b) to the consolidated financial statements, respectively.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Assessment of collectability of the receivables and corresponding follow-up actions

Management of the Group assesses the collectability of the receivables regularly and on a case-by-case basis for the determination of any allowance for ECLs on the receivables by taking into account the customers' or debtors' financial condition, current creditworthiness, past settlement history, business relationship with the Group and other factors such as current market conditions. With respect to the settlement of the relevant outstanding receivables in concern, the management of the Group has taken reasonable actions to urge for settlements of the relevant outstanding trade and other receivables, including but not limited to, (i) contacting the respective responsible officer by phone and/or emails; (ii) conducting on-site visit to the office of the relevant debtors from time to time; (iii) on a best effort basis, understanding the financial and operational condition of the relevant debtors; (iv) negotiating for a payment schedule and to urge for settlement of the outstanding balances imminently. The Company is in the process of negotiation with the relevant debtors on the settlement terms and will actively monitor the recoverability of the trade and other receivables balance on an on-going basis.

### 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 of the Company 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 of the Company 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	
	2021 HK\$'000	2020 HK\$'000
Loss for the year	(75,768)	(48,061)
Add:		
Departure and Deemed Disposition Taxes <sup>(Note)</sup>	39,732	—
Less:		
Deferred income tax credit recognised in income tax expenses <sup>(Note)</sup>	(8,281)	—
<b>Adjusted loss for the year (unaudited)</b>	<b>(44,317)</b>	<b>(48,061)</b>

Note: 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 as discussed in the sub-section headed "Change of Composition of The Board And its Tax Implication" while a deferred income tax credit of approximately HK\$8.3 million derived from non-capital loss carryforward was recognised in income tax expenses of the Group.

## MANAGEMENT DISCUSSION AND ANALYSIS

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\$3.8 million or approximately 7.9% from adjusted loss of approximately HK\$48.1 million for the year ended 31 December 2020 to adjusted loss of approximately HK\$44.3 million for the year ended 31 December 2021.

### FINANCIAL RESOURCES, LIQUIDITY AND CAPITAL STRUCTURE

During the year ended 31 December 2021, 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 generated from operating activities was approximately HK\$15.6 million for the year ended 31 December 2021, as compared with net cash used in operating activities of approximately HK\$47.7 million for the year ended 31 December 2020. Net cash generated from investing activities was approximately HK\$3.3 million for the year ended 31 December 2021, as compared with net cash generated from investing activities of approximately HK\$13.5 million for the year ended 31 December 2020. Net cash used in financing activities for the year ended 31 December 2021 was approximately HK\$0.3 million, as compared with net cash used in financing activities of approximately HK\$6.3 million for the year ended 31 December 2020.

As at 31 December 2021, the Group's cash and cash equivalents amounted to approximately HK\$48.7 million, representing an increase of approximately 61.8% from approximately HK\$30.1 million as at 31 December 2020.

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 2021, the Group's gearing ratio was approximately 6.4% (2020: 2.3%). The gearing ratio increased by approximately 4.1%, from approximately 2.3% for the year ended 31 December 2020 to approximately 6.4% for the year ended 31 December 2021, which was mainly due to the addition of interest-free borrowings from the Government of Canada under the Regional Economic Growth Through Innovation program from approximately HK\$2.7 million for the year ended 31 December 2020 to approximately HK\$4.2 million for the year ended 31 December 2021. Taking into consideration the Group's current bank balances and cash, together with the credit facilities available and the expected cash flow from operations, it is anticipated that the Company should have adequate financial resources to meet its ongoing operating and development requirements.

#### Net current assets

As at 31 December 2021, the Group had net current assets of approximately HK\$6.8 million as compared with net current assets of approximately HK\$72.7 million as at 31 December 2020.

### BORROWINGS

As at 31 December 2021, the Group had interest-free borrowings from the Government of Canada under the Regional Economic Growth Through Innovation program of approximately HK\$4.2 million (2020: HK\$2.7 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.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Treasury Policies

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

### 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 in Hong Kong dollar. The Group's policy requires the management to control the Group's foreign exchange risk to an acceptable level by ensuring that the Group is able to obtain sufficient amount of USD at acceptable exchange rate for meeting the payment obligations arising from business operations. A net foreign exchange loss of approximately HK\$0.2 million was recorded for the year ended 31 December 2021 and exchange gain of approximately HK\$0.5 million was recorded for the year ended 31 December 2020.

During the year ended 31 December 2021, 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 2021, the Group had a total of 143 employees as compared with 127 employees as at 31 December 2020, of which 142 were in Canada and one was in the United States of America. The total staff costs incurred by the Group for the year ended 31 December 2021 were approximately HK\$51.6 million as compared with approximately HK\$53.7 million for the year ended 31 December 2020. 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. Further details are set out in the sub-section headed "Share Option Scheme" in the Report of Directors contained in this annual report.

### MATERIAL ACQUISITION, DISPOSAL AND SIGNIFICANT INVESTMENTS

During the year ended 31 December 2021, no significant investments, material acquisition and disposal of subsidiaries, associates or joint ventures were conducted by the Group.

### PLEDGE OF ASSETS

As at 31 December 2021, the Group had government bond issued by the Canadian government of approximately HK\$1.5 million (31 December 2020: 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 OPC. The interest rate for the bond is 1.8% per annum with a maturity date of 21 March 2023.

## MANAGEMENT DISCUSSION AND ANALYSIS

### CHANGE IN CONTROLLING SHAREHOLDERS

On 6 June 2021, the Company and Tomorrow Education Technology Limited (“**Tomorrow Education**” or the “**Offeror**”) jointly announced that BVRTH Inc. (beneficially and wholly-owned by Rita Tsang Group Holdings Inc., which was in turn controlled by Mrs. Rita Pik Fong Tsang (“**Mrs. Tsang**”), BVATH Inc. (indirectly wholly-owned by Ms. Annie Shuk Fong Tsu (“**Ms. Tsu**”), BVDCH Inc. (indirectly wholly-owned by Dr. Kwok Chun Dennis Chu (“**Dr. Chu**”)) (collectively, as the “**Vendors**”), Mrs. Tsang and Rita Tsang Group Holdings Inc. (as the warrantors of BVRTH Inc.), Ms. Tsu and AT Horizons Holdings Inc. (as the warrantors of BVATH Inc.), Dr. Chu and Dennis Chu Holdings Inc. (as the warrantors of BVDCH Inc.) and Tomorrow Education entered into a sale and purchase agreement on 5 June 2021, pursuant to which the Offeror as the purchaser agreed to acquire from the Vendors as the sellers, an aggregate of 900,000,000 ordinary shares of the Company (the “**Sale Shares**”) for a total consideration of HK\$205 million (the “**Sale and Purchase**”), equivalent to approximately HK\$0.2278 per Sale Share, which was agreed between the Vendors and the Offeror after arm’s length negotiations. The Sale Shares represent 75.0% of the total issued share capital of the Company as at 6 June 2021.

The completion of the Sale and Purchase (the “**Completion**”) took place on 10 June 2021. Immediately after the Completion, CCB International Capital Limited, the financial adviser to Tomorrow Education, had made an unconditional mandatory cash offer for and on behalf of Tomorrow Education pursuant to Rule 26.1 of the Hong Kong Code on Takeovers and Mergers to acquire all the issued shares of the Company (other than those owned and/or agreed to be acquired by the Offeror and parties acting in concert with it) (the “**Share Offer**”). On 19 July 2021, immediately after the close of the Share Offer, the Offeror and parties acting in concert with it were interested in an aggregate of 938,850,000 shares of the Company, representing approximately 78.24% of the issued share capital of the Company as at 19 July 2021.

Accordingly, the minimum public float requirement of 25% as set out under Rule 8.08(1) of the Listing Rules was not satisfied immediately after the close of the Share Offer. The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) granted the Company a temporary waiver from strict compliance with Rule 8.08(1)(a) of the Listing Rules for a period from 19 July 2021 to 19 September 2021. Subsequently, in light of the progress of restoration of the minimum public float of the Company, the Company applied for a second temporary waiver from strict compliance with Rule 8.08(1)(a) of the Listing Rules for another two-month period from 20 September 2021 to 20 November 2021, and the Stock Exchange agreed to grant such waiver on 16 September 2021. On 12 November 2021, the Company was informed by the Offeror that the Offeror had disposed of a total of 38,850,000 shares of the Company on-market, representing approximately 3.24% of the total issued share capital of the Company (“**On-Market Sales**”). Immediately upon completion of the On-Market Sales, the minimum public float of the Company of 25.0% as required under Rule 8.08(1)(a) of the Listing Rules had been restored. For details of the waivers and the restoration of the minimum public float of the Company, please refer to the announcements of the Company dated 27 July 2021, 17 September 2021 and 12 November 2021, respectively.



## MANAGEMENT DISCUSSION AND ANALYSIS

### CHANGE OF COMPOSITION OF THE BOARD AND ITS TAX IMPLICATION

The composition of the Board and the Board committees has been changed on 19 July 2021 as a result of the change in control of the Company. After the change of the composition of the Board, more than 50% of the Board consists of non-Canadian Directors, and therefore the Company is generally considered as a non-resident of Canada for the purposes of the Income Tax Act, R.S.C. 1985, c. 1 (5th Supplement) as the Company's "mind and management" is outside Canada. As a result, certain adverse "departure taxes" implication arose. For details of the tax implication in relation to the change of Directors, please refer to the announcement jointly issued by the Company and the Offeror dated 6 June 2021.

Based on a preliminary assessment of the tax representative of the Group and subject to the final tax assessment of the Canadian Tax Authority, the Departure and Deemed Disposition Taxes charged for the year were estimated to be approximately HK\$39.7 million. The net impact to the financial performance of the Group for the year was approximately HK\$31.4 million after offsetting the Company's non-capital loss carryforward of approximately HK\$8.3 million.

### CONTINGENT LIABILITIES

As at 31 December 2021, the Group did not have any material contingent liabilities or guarantees.

### 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 2021.

### USE OF PROCEEDS FROM THE LISTING

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

An analysis of the utilisation of the net proceeds from the listing date up to 31 December 2021 is set out below:

Use of net proceeds	Net proceeds from the share offer HK\$ million	Actual utilisation up to 31 December 2021 HK\$ million	Unutilised amounts as at 31 December 2021 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	2023
Upgrade the information technology infrastructure	6.7	4.8	1.9	2022
Expansion the travel business process management business	6.9	6.9	—	—
Advertising and promotion	1.2	0.9	0.3	2022
	49.7	35.1	14.6	

As at 31 December 2021, 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 49, 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 provision of ancillary services to students, 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).

**Ms. Kou Chung Yin Mariana (“Ms. Kou”)**, aged 37, 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, Ms. 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). Ms. 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 education, training, re-skilling, human capital and education technology industries, which is listed on NASDAQ (NASDAQ Ticker: EDTXU).

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



## BIOGRAPHIES OF THE DIRECTORS AND SENIOR MANAGEMENT

### NON-EXECUTIVE DIRECTOR

**Mr. Liu Jiefeng**, aged 30, 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 48, 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 investor relations departments 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 41, 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.

## BIOGRAPHIES OF THE DIRECTORS AND SENIOR MANAGEMENT

**Ms. Suen Yin Wah Chloe (“Ms. Suen”)**, aged 39, 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
Art Sub-committee, Museum Advisory Committee	Co-opted Member	From October 2020 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 2016 to present
The 12th Guangxi Zhuang Autonomous Region Committee of the Chinese People’s Political Consultative Conference* (中國人民政治協商會議 第十二屆廣西壯族自治區委員會)	Committee Member	From November 2020 to present
The 11th Committee of Guangdong Youth Federation* (廣東省青年聯合會第十一屆委員會)	Committee Member	From January 2017 to present
The 6th Committee of Dongguan Youth Federation* (東莞市青年聯合會第六屆委員會)	Standing Committee	From January 2016 to present

Ms. Suen 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**, aged 68, 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), aged 60, 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**, aged 61, 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**, aged 68, 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.

## BIOGRAPHIES OF THE DIRECTORS AND SENIOR MANAGEMENT

### COMPANY SECRETARY

**Mr. Kai Yu Chow**, aged 40, 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 Rules Governing the Listing of Securities on the Stock Exchange (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 2021 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 separate and should not be performed by the same individual. Ms. 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 Ms. 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:

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

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

## CORPORATE GOVERNANCE REPORT

### Responsibilities of executive Directors

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

### Responsibilities of independent non-executive Directors

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

Throughout the year ended 31 December 2021, 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 2021 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 2021 was approximately HK\$3.9 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 2021 are set out in note 9 to the consolidated financial statements. 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 2021 is set out below:

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

Details of the Directors' remuneration is set out in Note 9 to the consolidated financial statement of the Group in this report.

## CORPORATE GOVERNANCE REPORT

### 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, Ms. 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 2021. 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 comment and records respectively, within a reasonable time after the meetings are held.

During the year ended 31 December 2021, (A) a total nine Board meetings were held whereat the Board (i) reviewed the unaudited consolidated financial results of the Company for the six months ended 30 June 2021 and the audited consolidated financial results of the Company for the year ended 30 December 2020; (ii) considered and approved the appointment and resignation of directors; and (iii) considered and approved the overall strategies and policies of the Group; and (B) a total of two general meetings were held including (i) the annual general meeting for the year ended 31 December 2020, which was held in June 2021; and (ii) the extraordinary general meeting in connection with the change of name of the Company, which was held in September 2021. The attendance of individual Directors at the Board meetings and general meetings are set out in the following table:

Name of Directors	Attended/Eligible to attend	
	Board meeting	General meeting
Ms. Kou Chung Yin Mariana (Chairperson) (appointed on 19 July 2021)	4/4	1/1
Mr. Liu Xue Bin (appointed on 19 July 2021)	4/4	1/1
Mr. Liu Jiefeng (appointed on 19 July 2021)	4/4	1/1
Mr. Fong Wai Bun Benny (appointed on 19 July 2021)	4/4	1/1
Ms. Kwan Ka Yee (appointed on 19 July 2021)	4/4	1/1
Ms. Suen Yin Wah Chloe (appointed on 19 July 2021)	4/4	1/1
Mrs. Rita Pik Fong Tsang (resigned on 19 July 2021)	5/5	1/1
Ms. Annie Shuk Fong Tsu (resigned on 19 July 2021)	5/5	1/1
Dr. Kwok Chun Dennis Chu (resigned on 19 July 2021)	5/5	1/1
Dr. Michael Edward Ricco (resigned on 19 July 2021)	5/5	1/1
Mrs. Kitty Yuk-Yee Yeung (resigned on 19 July 2021)	5/5	1/1
Mr. Sik Yuen Lau (resigned on 19 July 2021)	5/5	1/1

## CORPORATE GOVERNANCE REPORT

### CORPORATE GOVERNANCE FUNCTIONS

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

### BOARD COMMITTEES

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

#### Audit Committee

The Company established an audit committee on 7 May 2018 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph D.3 of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The audit committee consists of three independent non-executive Directors, being Ms. Kwan Ka Yee, Mr. Fong Wai Bun Benny and Ms. Suen Yin Wah Chloe. The audit committee is chaired by Ms. Kwan Ka Yee. The Audit Committee has reviewed this report, including the audited consolidated results of the Group for the year ended 31 December 2021.

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 2021, 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 2021 and the audited consolidated financial results of the Company for the year ended 31 December 2021; and (ii) reviewed the internal control and risk management system of the Group. The attendance of individual members was set out in the following table:

Name of Directors	Attended/ Eligible to attend
Ms. Kwan Ka Yee ( <i>Chairperson</i> ) ( <i>appointed on 19 July 2021</i> )	1/1
Mr. Fong Wai Bun Benny ( <i>appointed on 19 July 2021</i> )	1/1
Ms. Suen Yin Wah Chloe ( <i>appointed on 19 July 2021</i> )	1/1
Mr. Sik Yuen Lau ( <i>Chairperson</i> ) ( <i>resigned on 19 July 2021</i> )	2/2
Dr. Kwok Chun Dennis Chu ( <i>resigned on 19 July 2021</i> )	2/2
Dr. Michael Edward Ricco ( <i>resigned on 19 July 2021</i> )	2/2

## CORPORATE GOVERNANCE REPORT

### Remuneration Committee

The Company has established a Remuneration Committee on 7 May 2018 with its terms of reference in compliance with Rule 3.25 of the Listing Rules and code provision E.1.2 of the CG Code. The Remuneration Committee currently consists of three members, namely Mr. Fong Wai Bun Benny (chairman 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.

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 2021, one Remuneration Committee meeting was held whereat the Remuneration Committee has considered and reviewed the terms of employment contracts of the executive Directors and appointment letters of the non-executive Director and the independent non-executive Directors and has assessed the performance of the Directors. The attendance of individual members was set out in the following table:

Name of Directors	Attended/ Eligible to attend
Mr. Fong Wai Bun Benny ( <i>Chairperson</i> ) ( <i>appointed on 19 July 2021</i> )	0/0
Mr. Liu Xue Bin ( <i>appointed on 19 July 2021</i> )	0/0
Ms. Kwan Ka Yee ( <i>appointed on 19 July 2021</i> )	0/0
Dr. Michael Edward Ricco ( <i>Chairperson</i> ) ( <i>resigned on 19 July 2021</i> )	1/1
Mrs. Kitty Yuk-Yee Yeung ( <i>resigned on 19 July 2021</i> )	1/1
Mr. Sik Yuen Lau ( <i>resigned on 19 July 2021</i> )	1/1
Dr. Kwok Chun Dennis Chu ( <i>resigned on 19 July 2021</i> )	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 Ms. 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 as set out below. The committee is also responsible for reviewing the 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.

## CORPORATE GOVERNANCE REPORT

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 2021, one Nomination Committee meeting was held whereat the Nomination Committee reviewed the structure, size and diversity of the Board and assessed the independence of the independent non-executive Directors. The attendance of individual members was set out in the following table:

Name of Directors	Attended/ Eligible to attend
Ms. Suen Yin Wah Chloe ( <i>Chairperson</i> ) ( <i>appointed on 19 July 2021</i> )	0/0
Mr. Fong Wai Bun Benny ( <i>appointed on 19 July 2021</i> )	0/0
Ms. Kou Chung Yin Mariana ( <i>appointed on 19 July 2021</i> )	0/0
Mrs. Rita Pik Fong Tsang ( <i>Chairperson</i> ) ( <i>resigned on 19 July 2021</i> )	1/1
Mrs. Kitty Yuk-Yee Yeung ( <i>resigned on 19 July 2021</i> )	1/1
Dr. Michael Edward Ricco ( <i>resigned on 19 July 2021</i> )	1/1

### Board diversity policy

In addition, the Board has adopted a 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.

## CORPORATE GOVERNANCE REPORT



### Process used to identify, evaluate and manage significant risks

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

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

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

During the year ended 31 December 2021, 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.

## CORPORATE GOVERNANCE REPORT

### EXTERNAL AUDITOR AND REMUNERATION

The statement of the Company’s auditors about their reporting responsibilities for the consolidated financial statements is set out in the “Independent Auditor’s Report” on pages 43 to 48 of this report.

For the year ended 31 December 2021, the remuneration payable or paid to the Company’s auditors, BDO Limited, is as follows:

	For the year ended 31 December 2021 HK\$'000
Statutory audit services	1,500
Others	187
	<b>1,687</b>

### 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 2021, 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 43 to 48 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. Kai Yu Chow, 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.



## CORPORATE GOVERNANCE REPORT



### SHAREHOLDERS' RIGHTS

#### Procedures for Shareholders to convene an extraordinary general meeting

- Pursuant to the memorandum and articles of association of the Company (the “Memorandum and Articles”), any one or more Shareholders holding, at the date of deposit of the requisition, 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. Kai Yu Chow 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 paragraph headed “Procedures for Shareholders to convene an extraordinary general meeting” in this report. 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.

## CORPORATE GOVERNANCE REPORT

### 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 2021 and the consolidated financial statements as at and for the year ended 31 December 2021.

## 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 15 of this report.

An analysis of the Group's performance during the year ended 31 December 2021 using financial key performance indicators is provided in the Financial Summary on page 122 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 2021, as far as the Board and management are aware of, there was no material breach or non-compliance with any applicable laws and regulations by the Group that would have a significant impact on the businesses and operations of the Group.

## REPORT OF THE DIRECTORS

### ENVIRONMENTAL, SOCIAL AND GOVERNANCE

The Group is committed to contributing to the sustainability of the environment and has implemented policies to minimise the impact on the environment from its business activities. The Group has implemented recycling program for consumables such as toner, cartridges and paper to minimise the operation impact on the environment and natural resources. The Group has also implemented energy saving practices. The Group endeavours to refine the approach to addressing its environmental, social and ethical responsibilities along with improving its corporate governance in order to generate greater value for all stakeholders.

### 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 2021, 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. 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 2021 and the Group's financial position as at 31 December 2021 are set out in the consolidated financial statements on pages 49 to 51 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 2021 (31 December 2020: 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.

### ANNUAL GENERAL MEETING

It is proposed that the AGM will be held on 29 June 2022. The Company will publish an announcement in due course to inform the Shareholders of the place, date and time of the annual general meeting of the Company (the "AGM"). A notice convening the AGM will be published and despatched to the Shareholders in the manner required by the Company's articles of association and the Listing Rules in due course.



## REPORT OF THE DIRECTORS

### CLOSURE OF REGISTER OF MEMBERS

For the purposes of ascertaining the members' 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 23 June 2022

Closure of register of members (both days inclusive).....24 June 2022 to 29 June 2022

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 during the year ended 31 December 2021 are set out in the consolidated statement of changes in equity on page 52 of this report and note 33 to the consolidated financial statements. As at 31 December 2021, 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 Companies Law Cap.22 of Cayman Islands, was approximately HK\$28.4 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 122 of this report.

### DIRECTORS

The Directors during the year ended 31 December 2021 and up to the date of this report were:

Name	Position
Ms. Kou Chung Yin Mariana ( <i>appointed on 19 July 2021</i> )	Executive Director, Chief Executive Officer, Chairperson
Mr. Liu Xue Bin ( <i>appointed on 19 July 2021</i> )	Executive Director
Mrs. Rita Pik Fong Tsang ( <i>resigned on 19 July 2021</i> )	Executive Director
Ms. Annie Shuk Fong Tsu ( <i>resigned on 19 July 2021</i> )	Executive Director
Mr. Liu Jiefeng ( <i>appointed on 19 July 2021</i> )	Non-executive Director
Dr. Kwok Chun Dennis Chu ( <i>resigned on 19 July 2021</i> )	Non-executive Director
Mr. Fong Wai Bun Benny ( <i>appointed on 19 July 2021</i> )	Independent non-executive Director
Ms. Suen Yin Wah Chloe ( <i>appointed on 19 July 2021</i> )	Independent non-executive Director
Ms. Kwan Ka Yee ( <i>appointed on 19 July 2021</i> )	Independent non-executive Director
Dr. Michael Edward Ricco ( <i>resigned on 19 July 2021</i> )	Independent non-executive Director
Mrs. Kitty Yuk-Yee Yeung ( <i>resigned on 19 July 2021</i> )	Independent non-executive Director
Mr. Sik Yuen Lau ( <i>resigned on 19 July 2021</i> )	Independent non-executive Director

## REPORT OF THE DIRECTORS

In accordance with Article 113 of the articles of association of the Company, 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 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.

Ms. 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 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 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 2021 or as at 31 December 2021.

### 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 2021 or as at 31 December 2021.



## REPORT OF THE DIRECTORS

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

As at 31 December 2021, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated 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 <sup>(1)</sup>	Approximate Percentage of Shareholding
Mr. Liu Xue Bin ("Mr. Liu") <sup>(2)</sup>	Interest of a controlled corporation	900,000,000	75.0%

*Notes:*

- (1) All interests stated are long positions.
- (2) Tomorrow Education Holding 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 Ms. Kou Chung Yin Mariana ("Ms. Kou")). By virtue of the SFO, Tomorrow Education Technology Limited and Mr. Liu are deemed to be interested in the shares of the Company held by Tomorrow Education Holding 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	Tomorrow Education Holding Limited	Beneficial owner	70.0%
Ms. Kou	Tomorrow Education Holding Limited	Beneficial owner	30.0%

*Notes:*

- (1) All interests stated are long positions.

Save as disclosed above, as at 31 December 2021, none of the Directors and chief executive of the Company had any other interests or short positions in any Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which were required pursuant to Section 352 of the SFO, to be entered in the register of members of the Company or which were required to be notified to the Company and the Stock Exchange, pursuant to standard of dealings by Directors as referred to the Listing Rules.

## REPORT OF THE DIRECTORS

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

As at 31 December 2021, 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 <sup>(1)</sup>	Percentage of shareholding
Tomorrow Education Holding Limited <sup>(2)</sup>	Beneficial owner	900,000,000	75.0%
Tomorrow Education Technology Limited <sup>(2)</sup>	Interest of a controlled corporation	900,000,000	75.0%
Mr. Liu <sup>(2)</sup>	Interest of a controlled corporation	900,000,000	75.0%

Notes:

- (1) All interests stated are held in long positions.
- (2) Tomorrow Education Holding Limited held 900,000,000 shares of the Company. Tomorrow Education Holding 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 Ms. Kou). By virtue of the SFO, Tomorrow Education Technology Limited and Mr. Liu are deemed to be interested in the shares of the Company held by Tomorrow Education Holding Limited.

Save as disclosed above, as at 31 December 2021, 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 2021.

### MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2021, gross cost of procurement from the Group's largest supplier was approximately 36.5% of the total gross cost of procurement and the aggregate gross cost of procurement from its top five suppliers in aggregate were approximately 57.9% of the total gross cost of procurement.

Gross sales proceeds generated from the Group's largest customer was approximately 40.0% of the total gross sales proceeds and the aggregate gross sales proceeds generated from its top five customers in aggregate were approximately 85.4% 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 2021.



## REPORT OF THE DIRECTORS



### PRE-EMPTIVE RIGHTS

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

### SHARE OPTION SCHEME

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

#### 1. Purpose of the Share Option Scheme

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

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

#### 2. Participants of the Share Option Scheme

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

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

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

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

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

## REPORT OF THE DIRECTORS

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

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

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

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

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

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

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

### 7. The basis of determining the exercise price

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

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

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

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



## REPORT OF THE DIRECTORS

### 9. The remaining life of the Share Option Scheme

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

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 29 of this report and "Share Option Scheme" on pages 31 to 33 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.

### 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 2021, the total consideration paid under the First Kern Tenancy Agreement and the Second Kern Tenancy Agreement amounted to CAD240,000.

Mrs. Tsang, Ms. Tsu and Dr. Chu are our former Directors who resigned on 19 July 2021. 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.

## REPORT OF THE DIRECTORS

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 related party transactions set out in Note 32 to the consolidated financial statements constitute continuing connected transactions of the Company and the Company has 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 2021, 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.

## REPORT OF THE DIRECTORS



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

During the year ended 31 December 2021 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 21 to 30 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 2021.

### **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 2021 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 2021, 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.

## REPORT OF THE DIRECTORS

### 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

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

Hong Kong, 31 March 2022



# INDEPENDENT AUDITOR'S REPORT



Tel : +852 2218 8288  
 Fax : +852 2815 2239  
[www.bdo.com.hk](http://www.bdo.com.hk)

25<sup>th</sup> Floor Wing On Centre  
 111 Connaught Road Central  
 Hong Kong

電話 : +852 2218 8288  
 傳真 : +852 2815 2239  
[www.bdo.com.hk](http://www.bdo.com.hk)

香港干諾道中111號  
 永安中心25樓

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

## OPINION

We have audited the consolidated financial statements of Chinese International Group Holdings Limited (formerly known as CTEH Inc.) (the “Company”) and its subsidiaries (together the “Group”) set out on pages 49 to 121, which comprise the consolidated statement of financial position as at 31 December 2021, 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 2021, 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.

BDO Limited  
 香港立信德豪會計師事務所有限公司

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

## INDEPENDENT AUDITOR'S REPORT

### KEY AUDIT MATTERS

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

Key Audit Matters	Our response
<p><b>Recoverability of deferred income tax assets arising from unused tax losses and carried forward tax deductions</b></p> <p><i>Refer to notes 4 and 21 to the consolidated financial statements.</i></p> <p>The Group recognised deferred income tax assets arising from unused tax losses and carried forward tax deductions of HK\$43,221,000 as at 31 December 2021.</p> <p>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.</p> <p>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.</p>	<p>Our audit procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• With the assistance of our tax specialists, we assessed the reasonableness of management's tax structuring of the Group.</li> <li>• We tested the mathematical accuracy of management's underlying calculations.</li> </ul>



## INDEPENDENT AUDITOR'S REPORT



### Key Audit Matters

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

*Refer to notes 14, 15 and 27 to the consolidated financial statements.*

The Group had property, plant and equipment, intangible assets and right-of-use assets with carrying amount, net of impairment, of HK\$4,168,000, HK\$438,000 and HK\$3,248,000 respectively. During the year ended 31 December 2021, no provision of impairment was made for property, plant and equipment, intangible assets and right-of-use assets in profit and loss.

The management of the Group would determine the recoverable amount of the property, plant and equipment, intangible assets and right-of-use assets if there is indication that those assets may be impaired. The recoverable amount is determined based on value-in-use calculations which required the use of estimates such as future cash flows and discount rate. The use of these estimates involves a significant degree of management judgement and therefore could have a material impact on any impairment recorded for the year.

We considered the impairment assessment of property, plant and equipment, intangible assets and right-of-use assets to be a matter of most significance in our audit due to the significant degree of judgment and the key assumptions used by management in forecasting future cash flows, which may affect the carrying value of the Group's property, plant and equipment, intangible assets and right-of-use assets for the current year.

### Our response

Our audit procedures included, amongst others:

- We assessed the reasonableness of management's forecast of future years' cash flows 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.
- We assessed the discount rate employed in the calculation of value-in-use by reviewing its basis of calculation and comparing its input data to market sources.
- We tested the mathematical accuracy of management's underlying calculations.

## INDEPENDENT AUDITOR'S REPORT

### Key Audit Matters

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

Refer to notes 3.1(b), 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\$11,345,000 and HK\$22,742,000 respectively as at 31 December 2021. During the year ended 31 December 2021, the provision of ECLs allowance of HK\$190,000 and HK\$39,406,000 were provided 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 and Coronavirus disease (“COVID-19”) pandemic 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 response

Our audit procedures included, amongst others:

- We obtained an understanding of and assessed the Group's process and control over the collection and the assessment of the recoverability of the trade receivables and receivables from travel companies for ticket costs.
- We obtained an understanding of the key parameters inputs and assumptions of the ECLs model adopted by management, including historical default data and estimated loss rates.
- We assessed the reasonableness of management's 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.



## INDEPENDENT AUDITOR'S REPORT



### OTHER INFORMATION IN THE ANNUAL REPORT

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

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

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

### DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with 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.

## INDEPENDENT AUDITOR'S REPORT

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

### **BDO Limited**

*Certified Public Accountants*

Ng Wai Man

Practising Certificate No. P05309

Hong Kong, 31 March 2022



# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Notes	Year ended 31 December	
		2021 HK\$'000	2020 HK\$'000
Revenue	5	55,822	51,605
Cost of sales	7	(39,235)	(28,024)
<b>Gross profit</b>		<b>16,587</b>	23,581
Other income	6	14,196	21,410
Other gains, net	6	58	4,127
Expected credit losses ("ECLs") allowance on financial assets	18 & 19	(39,307)	(50,068)
Impairment loss on non-financial assets	14, 15 & 27	—	(1,476)
Selling expenses	7	(6,538)	(11,270)
Administrative expenses	7	(43,299)	(39,671)
<b>Operating loss</b>		<b>(58,303)</b>	(53,367)
Finance income	10	2	76
Finance costs	10	(289)	(314)
Finance costs, net	10	(287)	(238)
Share of net losses of joint ventures	16	(1,281)	(511)
<b>Loss before income tax</b>		<b>(59,871)</b>	(54,116)
Income tax (expense)/credit	11	(15,897)	6,055
<b>Loss for the year attributable to owners of the Company</b>		<b>(75,768)</b>	(48,061)
<b>Other comprehensive income</b>			
<i>Item that may be subsequently reclassified to profit or loss:</i>			
– Currency translation differences		916	(47)
<i>Item that will not be reclassified to profit or loss:</i>			
– Change in fair value of equity instrument at fair value through other comprehensive income		(631)	1,307
<b>Other comprehensive income for the year</b>		<b>285</b>	1,260
<b>Total comprehensive expenses for the year attributable to owners of the Company</b>		<b>(75,483)</b>	(46,801)
Basic and diluted loss per share (HK Cents)	12	(6.3)	(4.0)

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Notes	As at 31 December 2021 HK\$'000	As at 31 December 2020 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	14	4,168	3,940
Intangible assets	15	438	2,027
Right-of-use assets	27	3,248	3,895
Interests in joint ventures	16	9,400	10,681
Financial assets at fair value through profit or loss ("FVTPL")	22	1,521	1,507
Financial asset at fair value through other comprehensive income ("FVTOCI")	22	3,185	3,774
Deferred income tax assets	21	43,221	22,052
		<b>65,181</b>	47,876
<b>Current assets</b>			
Trade receivables	18	11,345	4,183
Prepayments, deposits and other receivables	19	27,504	49,206
Financial assets at FVTPL	22	—	5,876
Income tax recoverable		2,645	2,224
Cash and cash equivalents	20	48,749	30,095
		<b>90,243</b>	91,584
<b>Total assets</b>		<b>155,424</b>	139,460
<b>EQUITY</b>			
<b>Equity attributable to the owners of the Company</b>			
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)	37	668
Exchange reserve		8,517	7,601
Retained earnings		8,857	58,484
<b>Total equity</b>		<b>64,523</b>	113,865

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Notes	As at 31 December 2021 HK\$'000	As at 31 December 2020 HK\$'000
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred income tax liabilities	21	296	638
Lease liabilities	27	3,027	3,361
Loan from government	28	4,160	2,666
		<b>7,483</b>	6,665
<b>Current liabilities</b>			
Trade payables	24	11,432	184
Accruals and other payables	25(a)	56,524	15,777
Contract liabilities	25(b)	415	1,359
Lease liabilities	27	1,456	1,610
Income taxes payables		13,591	—
		<b>83,418</b>	18,930
<b>Total liabilities</b>		<b>90,901</b>	25,595
<b>Total equity and liabilities</b>		<b>155,424</b>	139,460

The consolidated financial statements on pages 49 to 121 were approved for issue by the Board of Directors on 31 March 2022 and were signed on its behalf.

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

Mr. Liu Xue Bin  
Executive Director

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

	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 HK\$'000	Total HK\$'000
<b>Balance at 1 January 2020</b>	120	88,248	(41,256)	(639)	7,648	113,025	167,146
<b>Comprehensive income</b>							
Loss for the year	—	—	—	—	—	(48,061)	(48,061)
<b>Other comprehensive income</b>							
Currency translation differences	—	—	—	—	(47)	—	(47)
Change in fair value of equity instrument at FVTOCI	—	—	—	1,307	—	—	1,307
<b>Total comprehensive income and other comprehensive income for the year</b>	—	—	—	1,307	(47)	(48,061)	(46,801)
<b>Total transactions with owners in their capacity as owners</b>							
Dividends paid	—	—	—	—	—	(6,480)	(6,480)
<b>Balance at 31 December 2020</b>	120	88,248	(41,256)	668	7,601	58,484	113,865
<b>Comprehensive income</b>							
Loss for the year	—	—	—	—	—	(75,768)	(75,768)
<b>Other comprehensive income</b>							
Currency translation differences	—	—	—	—	916	—	916
Change in fair value of equity instrument at FVTOCI	—	—	—	(631)	—	—	(631)
<b>Total comprehensive expense and other comprehensive expense for the year</b>	—	—	—	(631)	916	(75,768)	(75,483)
<b>Total transactions with owners in their capacity as owners</b>							
Contribution by shareholders (Note)	—	—	—	—	—	26,141	26,141
<b>Balance at 31 December 2021</b>	120	88,248	(41,256)	37	8,517	8,857	64,523

Note: On 16 September 2021, contribution of HK\$26,141,000 made by the shareholders for settlement of Canadian departure and deemed disposition tax liability of the Company was recognised in retained earnings directly.

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

	Notes	Year ended 31 December	
		2021 HK\$'000	2020 HK\$'000
<b>Cash flows from operating activities</b>			
Cash generated from/(used in) operations	29	13,752	(52,398)
Interest paid on lease liabilities	10	(187)	(277)
Income tax refunded		2,027	4,968
Net cash generated from/(used in) operating activities		15,592	(47,707)
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	14	(2,711)	(644)
Purchase of intangible assets	15	—	(10)
Acquisition of financial assets at FVTPL – listed equity securities		(1,299)	(3,044)
Acquisition of financial assets at FVTPL – investments fund		—	(2,330)
Proceeds from disposal of financial assets at FVTPL			
– listed equity securities		4,968	18,369
Proceeds from disposal of financial assets at FVTPL			
– investments fund		2,374	—
Dividends received from financial assets at FVTPL			
– listed equity securities		7	1,088
Interest received		2	76
Net cash generated from investing activities		3,341	13,505
<b>Cash flows from financing activities</b>			
Proceeds of loan from government	30	1,551	2,894
Repayment of principal portion of the lease liabilities	30	(1,899)	(2,708)
Dividends paid		—	(6,480)
Net cash used in financing activities		(348)	(6,294)
<b>Net increase/(decrease) in cash and cash equivalents</b>			
Cash and cash equivalents at beginning of year		30,095	71,579
Effect of currency translation differences		69	(988)
<b>Cash and cash equivalents at end of year</b>		<b>48,749</b>	<b>30,095</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1 GENERAL INFORMATION AND REORGANISATION

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 Airport Transportation 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.

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.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

##### (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 39, IFRS 4, IFRS 7, IFRS 9 and IFRS 16	Interest Rate Benchmark Reform – Phase 2
Amendments to IFRS 16	COVID-19-Related Rent Concessions

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

##### (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 2022.

		Effective for accounting periods beginning on or after
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	1 January 2023
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
Amendments to IAS 16	Proceeds before Intended Use	1 January 2022
Amendments to IAS 37	Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
Amendments to IFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to IFRS 16	Lease: COVID-19-Related Rent Concessions beyond 30 June 2021	1 April 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	1 January 2022
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*

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2 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 16 - Proceeds before Intended Use**

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, the proceeds from selling such items, and the cost of producing those items, is recognised in profit or loss.

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 IFRS 3 - Reference to the Conceptual Framework**

The amendments update IFRS 3 so that it refers to the revised Conceptual Framework for Financial Reporting 2018 instead of the version issued in 2010. The amendments add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC-Int 21 Levies, the acquirer applies IFRIC-Int 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. The amendments also add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

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



## NOTES TO 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)**

(c) **Amendments to IFRS 16 - Leases: COVID -19-Related Rent Concessions beyond 30 June 2021 (continued)**

IFRS 16 was amended to provide a practical expedient to lessees in accounting for rent concessions arising as a result of the COVID-19 pandemic, by including an additional practical expedient in IFRS 16 that permits entities to elect not to account for rent concessions as modifications. The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 pandemic and only if all of the following criteria are satisfied:

- (a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- (b) the reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- (c) there is no substantive change to other terms and conditions of the lease.

Rent concessions that satisfy these criteria may be accounted for in accordance with this practical expedient, which means the lessee does not need to assess whether the rent concession meets the definition of lease modification. Lessees shall apply other requirements of IFRS 16 in accounting for the rent concession.

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

(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:

## NOTES TO 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 (continued)**

- 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.

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.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.2 Consolidation (continued)

##### (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 accounted 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 ventures. 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.

##### (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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.3 Business combinations

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

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

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

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

Acquisition-related costs are expensed as incurred.

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

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

#### 2.4 Segment information

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



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.5 Foreign currency translation

##### (a) *Functional and presentation currency*

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

##### (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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 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.

#### 2.7 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.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.7 Intangible assets (continued)

##### (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.

#### 2.9 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 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.

#### 2.15 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.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 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.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 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 in Canada and the U.S. 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 administered 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 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, travel business process management from healthcare companies, sales of package tours and margin income from sales of others and services, e.g. non-guided customised tours, hotel plus flight packages, car rentals, travel insurance. Specifically, revenue is recognised as follows:

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



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 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.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 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.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 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.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 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 2021 (2020: nil).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 3 FINANCIAL RISK MANAGEMENT

#### 3.1 Financial risk factors

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

##### (a) Market risk

###### (i) Foreign exchange risk

The Group operates principally in Canada and the U.S. and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United States dollar ("USD"). 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	
	2021 HK\$'000	2020 HK\$'000
Assets		
USD	2,400	2,224
Others	89	38
	<b>2,489</b>	<b>2,262</b>

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 2021, if the USD had strengthened/weakened by 10% with all other variables held constant, the post-tax profit would have been approximately HK\$176,000 higher/lower (2020: HK\$163,000), as a result of foreign exchange gains/losses on revaluation of the USD denominated net assets.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.1 Financial risk factors (continued)

##### (a) Market risk (continued)

###### (ii) Cash flow interest rate risk

Under the banking facilities as at 31 December 2021, borrowings denominated in USD are subject to floating interest rates at the U.S. prime rate plus 1.5% (2020: 1.5%) while borrowings denominated in CAD are subject to floating interest rates at the Canadian prime rate.

As at 31 December 2021 and 2020, 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, company-operated tours sold to sub-agents, 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 receivable 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 2021 and 2020, 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.1 Financial risk factors (continued)

##### (b) Credit risk (continued)

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables and receivables from travel companies for ticket costs under other receivables as at 31 December 2021 and 2020:

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

31 December 2020	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 (%)	8.5%	10.3%	90.6%	100%	100%	51.6%
Gross carrying amount (HK\$'000)	18,548	29,030	49,290	1,530	81	98,479
ECLs allowance (HK\$'000)	1,578	2,976	44,659	1,530	81	50,824

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 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
Expected loss rate (%)	1.0%	10.3%
Gross carrying amount (HK\$'000)	1,771	2,920
ECLs allowance (HK\$'000)	18	301

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.1 Financial risk factors (continued)

##### (b) Credit risk (continued)

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

	Lifetime ECLs		12-month	Total
	Trade receivables	Receivables from travel companies for ticket costs	ECLs Other receivables	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 January 2020	—	—	—	—
ECLs allowance recognised during the year	600	49,181	287	50,068
Exchange differences	30	1,013	14	1,057
Balance at 31 December 2020	630	50,194	301	51,125
ECLs allowance recognised 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

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 is influenced mainly by the individual characteristics of each customer. At the end of reporting period, the Group has a certain concentration of credit risk as 82% and 49% of the Group's trade receivables was due from the Group's three largest customers as at 31 December 2021 and 2020 respectively.

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.1 Financial risk factors (continued)

##### (c) Liquidity risk

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

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

	Carrying amount HK\$'000	On demand or within 1 year HK\$'000	Between 1 and 2 years HK\$'000	Between 2 and 5 years HK\$'000	Over 5 years HK\$'000	Total HK\$'000
<b>As at 31 December 2021</b>						
Trade payables	11,432	11,432	—	—	—	11,432
Accruals and other payables (excluding non-financial liabilities and accruals for employee benefit expenses)	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
	<b>74,933</b>	<b>67,770</b>	<b>2,207</b>	<b>4,806</b>	<b>923</b>	<b>75,706</b>
<b>As at 31 December 2020</b>						
Trade payables	184	184	—	—	—	184
Accruals and other payables (excluding non-financial liabilities and accruals for employee benefit expenses)	15,178	15,178	—	—	—	15,178
Loan from government	2,666	—	—	1,827	1,218	3,045
Lease liabilities	4,971	1,650	752	3,046	—	5,448
	<b>22,999</b>	<b>17,012</b>	<b>752</b>	<b>4,873</b>	<b>1,218</b>	<b>23,855</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.2 Capital risk management

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

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

The Group monitors capital on the basis of the debt-to-equity ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings 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 debt-to-equity ratios were as follows:

	As at 31 December	
	2021 HK\$'000	2020 HK\$'000
Loan from government (Note 28)	4,160	2,666
Less:		
Cash and cash equivalents (Note 20)	(48,749)	(30,095)
Net cash	(44,589)	(27,429)
Total equity	64,523	113,865
Debt-to-equity ratio	N/A	N/A

The Group's strategy is to maintain healthy current ratio and 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 2021 and 2020, the Group has banking facilities available in the form of letters of guarantee of HK\$15,378,000 and HK\$15,225,000 respectively. For the year ended 31 December 2021, the Group is in compliance with all banking covenants (Note 26).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.3 Fair value estimation

The table below analyses the Group's financial instruments carried at fair value as at 31 December 2021 and 2020, 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 2021 and 2020.

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
<b>As at 31 December 2021</b>				
<b>Assets</b>				
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
<b>As at 31 December 2020</b>				
<b>Assets</b>				
Financial assets at FVTPL (note (a))	7,383	—	—	7,383
Financial asset at FVTOCI (note (b))	—	—	3,774	3,774
	7,383	—	3,774	11,157

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.3 Fair value estimation (continued)

Notes:

- (a) As at 31 December 2021, the financial assets at FVTPL represent a government bond issued by the Canadian government, which was matured on 21 March 2023; (2020: (i) a government bond issued by the Canadian government, (ii) a listed equity securities investment; and (iii) a unlisted equity fund contain a portfolio of listed equity and debt instruments) (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. The methods and valuation techniques used for the purpose of measuring fair value are changed from discounted cash flow approach in previous reporting periods to market approach. The change is attributable to the availability of new valuation inputs and price transparency.

For the year ended 31 December 2021, determination of its fair value is based on transaction prices derived from buy-sale transactions of equity securities of the investee company occurred during the year. Increased transaction prices by 10% would increase the fair value of financial asset at FVTOCI by approximately 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.

For the year ended 31 December 2020, determination of its fair value is based on certain parameters including discount rate and terminal sale growth rate which are unobservable. The significant unobservable inputs are shown as below:

#### Significant unobservable inputs

#### Relationship of unobservable inputs to fair value

Discount rate of 53%

The lower the discount rate, the higher fair value

Terminal growth rate of 3%

The higher the terminal growth rate, the higher fair value

Increased discount rate by 1% would decrease the fair value of financial asset at FVTOCI by approximately HK\$97,000 whilst decrease discount rate by 1% would increase the fair value of the financial asset at FVTOCI by approximately HK\$101,000.

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:

	2021 HK\$'000	2020 HK\$'000
At 1 January	3,774	2,359
Additions	—	—
Fair value change recognised in other comprehensive income	(631)	1,307
Exchange difference	42	108
At 31 December	3,185	3,774

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

#### (a) Revenue recognition for incentive commissions

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

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

For the years ended and as at 31 December 2021 and 2020, the Group has incentive commissions revenue of HK\$2,455,000 and HK\$3,796,000, and incentive commissions receivables (net of ECLs allowance) of HK\$1,388,000 and HK\$3,100,000 respectively (Note 18).

#### (b) Recognition of deferred income tax asset

At 31 December 2021, a deferred tax asset of HK\$43,221,000 (2020: HK\$22,052,000) 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.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

#### (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).

#### (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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

#### (g) Impairment assessment of non-financial assets

In considering the impairment losses that may be required for the Group's non-financial assets which include property, plant and equipment, intangible assets and right-of-use assets, recoverable amount of the asset needs to be determined if there is indication that those assets may be impaired. The recoverable amounts have been determined based on value-in-use calculations. These calculations require the use of estimates such as the future revenue and discount rates. The carrying amount, net of provision of impairment, of HK\$4,168,000, HK\$438,000 and HK\$3,248,000 respectively. The accumulated impairment loss on property, plant and equipment, intangible assets and right-of-use assets amounted to HK\$587,000 (2020: HK\$587,000), HK\$309,000 (2020: HK\$309,000) and HK\$580,000 (2020: HK\$580,000) respectively.

### 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 travelers are responsible for their trips using travel services sourced by the Group.
- Other business process management: The Group provides certain translation and agent services on behalf of a healthcare company in exchange for business process management fees.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

The performance of the operating segments is assessed based on segment revenue and a measure of segment operating results. Unallocated administrative expenses, ECLs allowance on financial assets, other gains, net, other income, finance cost, 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 2021					Total HK\$'000
	Air ticket distribution HK\$'000	Travel business process management HK\$'000	Travel products and services HK\$'000	Other business process management HK\$'000		
Revenue from external customers	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	
<b>Segment results</b>	575	13,066	—	2,044	15,685	
Other income					787	
Other gains, net					58	
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)	
<b>Loss for the year</b>					(75,768)	
<b>Other segment items:</b>						
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	

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

	Year ended 31 December 2020				Total HK\$'000
	Air ticket distribution HK\$'000	Travel business process management HK\$'000	Travel products and services HK\$'000	Other business process management HK\$'000	
Revenue from external customers	21,380	28,118	2,107	—	51,605
Time of revenue recognition					
At a point in time	21,380	28,118	747	—	50,245
Over the time	—	—	1,360	—	1,360
	21,380	28,118	2,107	—	51,605
<b>Segment results</b>	5,050	11,862	957	—	17,869
Other income					2,585
Other gains, net					4,127
ECLs allowance on financial assets					(50,068)
Administrative expenses					(27,880)
Finance costs, net					(238)
Share of net losses of joint ventures					(511)
Loss before income tax					(54,116)
Income tax credit					6,055
<b>Loss for the year</b>					(48,061)
<b>Other segment items:</b>					
Depreciation and amortisation	1,021	2,018	559	—	3,598
Capital expenditure	143	284	78	—	505
Depreciation of right-of-use assets	618	1,297	513	—	2,428

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

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

	Year ended 31 December	
	2021 HK\$'000	2020 HK\$'000
Company A – travel business process management segment	15,659	12,872
Company B – travel business process management segment	7,287	14,516
Company C – other business process management segment (note)	22,336	—

Note: The customer did not contribute 10% or more of the total revenue of the Group in preceding 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	
	2021 HK\$'000	2020 HK\$'000
Canada	55,064	44,237
United States	758	7,368
	55,822	51,605

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	
	2021 HK\$'000	2020 HK\$'000
Canada	98,907	69,710
United States	31,036	38,630
Hong Kong	25,481	31,120
	155,424	139,460

As at 31 December 2021, all material non-current assets, other than deferred income tax assets of approximately HK\$19,169,000 (2020: HK\$9,818,000) and interests in joint ventures of approximately HK\$9,400,000 (2020: HK\$10,681,000), are located in Canada.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 6 OTHER INCOME AND OTHER GAINS/(LOSSES), NET

	Year ended 31 December	
	2021 HK\$'000	2020 HK\$'000
<b>Other income</b>		
Subsidies (Note)	14,189	20,322
Dividends income from financial assets at FVTPL	7	1,088
	<b>14,196</b>	<b>21,410</b>
<b>Other gains/(losses), net</b>		
Foreign exchange (loss)/gain	(179)	476
Gain on disposal of financial assets at FVTPL	179	2,981
Fair value change in financial assets at FVTPL	(2)	670
Gain on modification on loan from government	60	—
	<b>58</b>	<b>4,127</b>

Note: It mainly represents 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 2021 and 2020.

### 7 EXPENSES BY NATURE

	Year ended 31 December	
	2021 HK\$'000	2020 HK\$'000
Cost of package tours and tickets	—	626
Employee benefit expenses (including directors' emoluments) (Note 8)	51,573	53,688
Office, telecommunication and utility expenses	4,031	4,164
Depreciation of right-of-use assets	2,053	2,746
Short-term leases expenses	1,196	360
Advertising and promotion	57	269
Credit card fees	28	284
Auditor's remuneration		
– Audit service	1,500	1,300
– Non-audit service	187	175
Depreciation of property, plant and equipment (Note 14)	2,353	2,081
Amortisation of intangible assets (Note 15)	1,626	2,538
Legal and professional fees	5,959	2,534
Service fees	15,173	3,478
Others	3,336	4,722
Total cost of sales, selling and administrative expenses	<b>89,072</b>	<b>78,965</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

	Year ended 31 December	
	2021 HK\$'000	2020 HK\$'000
Directors' fees, salaries, bonuses and allowances	48,633	48,874
Pension costs	1,764	1,748
Other employee benefits	1,176	3,066
	<b>51,573</b>	53,688

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 5.5% (2020: 5.3%) 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% (2020: 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 2020 and 2021, 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 one director for the years ended 31 December 2021 (2020: two). The emoluments paid/payable to the remaining four (2020: three) non-director highest paid individuals during year are as follows:

	Year ended 31 December	
	2021 HK\$'000	2020 HK\$'000
Salaries, allowances and benefits	4,880	2,633
Pension costs	32	46
	<b>4,912</b>	2,679

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 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 2021 and 2020 is as follows:

	Year ended 31 December	
	2021	2020
<b>Emolument bands</b>		
Nil to HK\$500,000	—	—
HK\$500,001 to HK\$1,000,000	2	2
HK\$1,000,001 to HK\$1,500,000	1	1
HK\$1,500,001 to HK\$2,000,000	1	—
	<b>4</b>	<b>3</b>

There were no amounts paid/payable to the aforementioned four (2020: three) highest paid individuals as an inducement to join or upon joining the Group during the years ended 31 December 2021.

There was no compensation paid/payable to the aforementioned four (2020: three) highest paid individuals for the loss of any office in connection with the management of the affairs of the Company and its subsidiaries during the years ended 31 December 2021.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 9 DIRECTORS' BENEFITS AND INTERESTS

The remuneration of each Director of the Company paid/payable by the Group for the years ended 31 December 2021 and 2020 is set out below:

Year ended 31 December 2021

Name	Fees HK\$'000	Salaries, other allowances and benefits HK\$'000	Discretionary bonuses HK\$'000	Pension costs – defined contribution plan HK\$'000	Total HK\$'000
Executive Directors					
Ms. 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 TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 9 DIRECTORS' BENEFITS AND INTERESTS (CONTINUED)

Year ended 31 December 2020

Name	Fees HK\$'000	Salaries, other allowances and benefits HK\$'000	Discretionary bonuses HK\$'000	Pension costs – defined contribution plan HK\$'000	Total HK\$'000
Executive Directors					
Mrs. Rita Pik Fong Tsang (Note (f)) (Chairperson)	—	2,118	—	—	2,118
Ms. Annie Shuk Fong Tsu (Note (g)) (Chief Executive Officer)	—	1,615	—	—	1,615
Non-executive Director					
Dr. Kwok Chun Dennis Chu (Note (h))	358	—	—	—	358
Independent Non-executive Directors (“INED”)					
Dr. Michael Edward Ricco (Note (e))	113	—	—	—	113
Mrs. Kitty Yuk-Yee Yeung (Note (e))	113	—	—	—	113
Mr. Sik Yuen Lau (Note (e))	180	—	—	—	180
	764	3,733	—	—	4,497

Notes:

- Ms. Mariana Kou Chung Yin was appointed as the chairperson, chief executive officer and executive director of the Company with effect from 19 July 2021.
- Mr. Liu Xue Bin was appointed as an executive director of the Company with effect from 19 July 2021.
- Mr. Liu Jiefeng was appointed as a non-executive director of the Company with effect from 19 July 2021.
- 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.
- 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.
- Mrs. Rita Pik Fong Tsang had resigned as the chairperson and executive director with effect from 19 July 2021.
- Ms. Annie Shuk Fong Tsu had resigned as chief executive officer and executive director with effect from 19 July 2021.
- Dr. Kwok Chun Dennis Chu had resigned as non-executive director with effect from 19 July 2021.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 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 2021 (2020: nil).

As at 31 December 2021, 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 (2020: 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 2021 or at any time during the year ended 31 December 2021 (2020: nil).

There was no arrangement under which a director waived or agreed to waive any emoluments during the year ended 31 December 2021 (2020: 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 2021 (2020: 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 2021 (2020: nil).

There were no other emoluments paid/payable to the INED during the year ended 31 December 2021 (2020: nil).

### 10 FINANCE (COSTS)/INCOME, NET

	Year ended 31 December	
	2021 HK\$'000	2020 HK\$'000
<b>Finance income</b>		
– Interest income	2	76
<b>Finance costs</b>		
– Interest expense on lease liabilities	(187)	(277)
– Imputed interest expense on loan from government	(102)	(37)
	<b>(289)</b>	<b>(314)</b>
Finance costs, net	<b>(287)</b>	<b>(238)</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 11 INCOME TAX (EXPENSE)/CREDIT

Canadian corporate income tax has been provided at the rate of 26.5% for the year ended 31 December 2021 (2020: 26.5%) on the Group's respective taxable loss/(income). Canadian departure tax and Canadian deemed disposition tax have been provided at the rate of 5% and 26.5% for the year ended 31 December 2021 (2020: Nil) 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 2021 (2020: 21%) on the Group's respective taxable loss/(income) and the United States state and city tax has been calculated on the estimated assessable profit at 14.95% for the year ended 31 December 2021 (2020: 14.91%).

	Year ended 31 December	
	2021 HK\$'000	2020 HK\$'000
<b>Current income tax</b>		
– Canadian corporate income tax	2,433	1,770
– Canadian departure and deemed disposition tax (Note)	(39,732)	–
– United States federal income tax	–	(137)
– United States state and city income tax	–	(83)
– Under provision in prior years	(2)	(83)
<b>Deferred income tax (Note 21)</b>	<b>21,404</b>	<b>4,588</b>
<b>Income tax (expense)/credit</b>	<b>(15,897)</b>	<b>6,055</b>

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	
	2021 HK\$'000	2020 HK\$'000
<b>Loss before income tax</b>	<b>59,871</b>	<b>54,116</b>
Tax calculated at domestic tax rates applicable to profits in the respective countries	17,326	16,164
Income not subject to tax	142	472
Expenses not deductible for tax purposes	(99)	(75)
Under provision in prior years	(2)	(83)
Temporary difference not recognised	–	(391)
Tax losses not recognised	(805)	(2,502)
Recognition of previously unrecognised deferred tax assets	2,786	–
Reversal of write-down/(write-down) of deferred income tax assets	4,478	(7,530)
Effect on opening deferred tax balances resulting from an increase in applicable tax rate	9	–
Canadian departure and deemed disposition tax	(39,732)	–
<b>Income tax (expense)/credit</b>	<b>(15,897)</b>	<b>6,055</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 12 LOSS PER SHARE

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

	Year ended 31 December	
	2021	2020
Loss attributable to owners of the Company (HK\$'000)	(75,768)	(48,061)
Weighted average number of ordinary shares in issue (Number of shares in thousand)	1,200,000	1,200,000
Basic and diluted loss per shares (HK Cents)	(6.3)	(4.0)

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. Potential ordinary shares are dilutive when, and only when, their conversion to ordinary shares would decrease earnings per share or increase loss per share. For the years ended 31 December 2021 and 2020, 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 2021 (2020: 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
<b>Year ended 31 December 2021</b>					
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
<b>Accumulated depreciation</b>					
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
<b>Net book amount</b>	<b>2,634</b>	<b>200</b>	<b>667</b>	<b>667</b>	<b>4,168</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 14 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Leasehold improvements HK\$'000	Furniture, fixtures and office equipment HK\$'000	Computer equipment HK\$'000	Total HK\$'000
<b>Year ended 31 December 2020</b>				
<b>Cost</b>				
As at 1 January 2020	7,686	2,528	5,486	15,700
Additions	—	166	478	644
Exchange differences	119	47	112	278
As at 31 December 2020	7,805	2,741	6,076	16,622
<b>Accumulated depreciation</b>				
As at 1 January 2020	3,107	1,920	4,726	9,753
Charge for the year	1,341	262	478	2,081
Provision for impairment	420	67	100	587
Exchange differences	118	44	99	261
As at 31 December 2020	4,986	2,293	5,403	12,682
<b>Net book amount</b>	<b>2,819</b>	<b>448</b>	<b>673</b>	<b>3,940</b>

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

	Year ended 31 December	
	2021 HK\$'000	2020 HK\$'000
Selling expenses	1,908	1,621
Administrative expenses	445	460
	<b>2,353</b>	2,081

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 15 INTANGIBLE ASSETS

	Computer software HK\$'000
<b>Year ended 31 December 2021</b>	
Cost	
As at 1 January 2021	14,788
Exchange differences	148
As at 31 December 2021	14,936
Accumulated amortization	
As at 1 January 2021	12,761
Charge for the year	1,626
Exchange differences	111
As at 31 December 2021	14,498
<b>Net book amount</b>	<b>438</b>
<b>Year ended 31 December 2020</b>	
Cost	
As at 1 January 2020	14,552
Additions	10
Exchange differences	226
As at 31 December 2020	14,788
Accumulated amortisation	
As at 1 January 2020	9,632
Charge for the year	2,538
Provision for impairment	309
Exchange differences	282
As at 31 December 2020	12,761
<b>Net book amount</b>	<b>2,027</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 15 INTANGIBLE ASSETS (CONTINUED)

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

	Year ended 31 December	
	2021 HK\$'000	2020 HK\$'000
Selling expenses	1,319	1,977
Administrative expenses	307	561
	<b>1,626</b>	<b>2,538</b>

### 16 INTERESTS IN JOINT VENTURES

As at 31 December 2020 and 2021, 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 (%)
Triplabs Limited	Hong Kong and limited liability company	Engaged in tourism and travel technology related businesses	200,000 common shares	50%

#### (a) Share of net assets of joint ventures

	Year ended 31 December	
	2021 HK\$'000	2020 HK\$'000
Beginning of year	10,681	11,192
Share of net loss of joint ventures	(1,281)	(511)
End of year	<b>9,400</b>	<b>10,681</b>

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



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 16 INTERESTS IN JOINT VENTURES (CONTINUED)

#### (a) Share of net assets of joint ventures (continued)

Summarised the statement of financial position

	As at 31 December 2021 HK\$'000	As at 31 December 2020 HK\$'000
<b>Assets</b>		
Interests in a joint ventures	—	—
<b>Current assets</b>		
Cash and cash equivalents	6,978	7,060
Prepayment	10	9
Financial assets at FVTPL	11,993	14,411
	<b>18,981</b>	21,480
<b>Total assets</b>	<b>18,981</b>	21,480
<b>Liabilities</b>		
<b>Current liabilities</b>		
Other current liabilities	181	118
<b>Total liabilities</b>	<b>181</b>	118
<b>Net assets</b>	<b>18,800</b>	21,362
Group share in %	50%	50%
Group share in net assets	9,400	10,681

Summarised statement of comprehensive income

	For the year ended 31 December 2021 HK\$'000	For the year ended 31 December 2020 HK\$'000
Other income and other gains/(losses), net	(2,299)	(737)
Administrative expenses	(263)	(285)
	<b>(2,562)</b>	(1,022)
Income tax expense	—	—
Loss after tax	<b>(2,562)</b>	(1,022)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 17 FINANCIAL INSTRUMENTS BY CATEGORY

	Loans and receivables HK\$'000	Financial assets measured at FVTPL HK\$'000	Financial asset measured at FVTOCI HK\$'000	Total HK\$'000
<b>Assets as per consolidated statement of financial position As at 31 December 2021</b>				
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
<b>Total</b>	<b>84,589</b>	<b>1,521</b>	<b>3,185</b>	<b>89,295</b>

	Loans and receivables HK\$'000	Financial assets measured at FVTPL HK\$'000	Financial asset measured at FVTOCI HK\$'000	Total HK\$'000
<b>Assets as per consolidated statement of financial position As at 31 December 2020</b>				
Trade receivables	4,183	—	—	4,183
Deposits and other receivables	46,091	—	—	46,091
Cash and cash equivalents	30,095	—	—	30,095
Financial assets at FVTPL	—	7,383	—	7,383
Financial asset at FVTOCI	—	—	3,774	3,774
<b>Total</b>	<b>80,369</b>	<b>7,383</b>	<b>3,774</b>	<b>91,526</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 17 FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

	Liabilities measured at amortised cost HK\$'000
<b>As at 31 December 2021</b>	
Trade payables	11,432
Accruals and other payables (excluding non-financial liabilities and accruals for employee benefit expenses)	54,858
Loan from government	4,160
Lease liabilities	4,483
<b>Total</b>	<b>74,933</b>
<b>As at 31 December 2020</b>	
Trade payables	184
Accruals and other payables (excluding non-financial liabilities and accruals for employee benefit expenses)	15,178
Loan from government	2,666
Lease liabilities	4,971
<b>Total</b>	<b>22,999</b>

### 18 TRADE RECEIVABLES

	As at 31 December 2021 HK\$'000	As at 31 December 2020 HK\$'000
Incentive commission receivables	1,923	3,620
Less: ECLs allowance	(535)	(520)
	1,388	3,100
Other business process management income receivables	8,058	—
Less: ECLs allowance	(208)	—
	7,850	—
Other trade receivables	2,187	1,193
Less: ECLs allowance	(80)	(110)
	2,107	1,083
	<b>11,345</b>	<b>4,183</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 18 TRADE RECEIVABLES (CONTINUED)

Trade receivables primarily represent other business process management income receivables (2020: incentive commission receivables from airlines). 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 2021 HK\$'000	As at 31 December 2020 HK\$'000
0 to 60 days	8,067	3,838
Over 60 days	3,278	345
	<b>11,345</b>	<b>4,183</b>

As at 31 December 2021, trade receivables of HK\$1,568,000 (2020: HK\$345,000) 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.

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

	As at 31 December	
	2021 HK\$'000	2020 HK\$'000
Not overdue	9,777	3,838
1-90 days	1,539	307
91-180 days	29	38
Over 180 days	—	—
	<b>11,345</b>	<b>4,183</b>

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	
	2021 HK\$'000	2020 HK\$'000
CAD	10,197	3,518
USD	1,148	665
	<b>11,345</b>	<b>4,183</b>

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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 19 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 31 December	
	2021 HK\$'000	2020 HK\$'000
Rental and other deposits	1,301	1,259
Prepaid expenses	1,232	1,087
Prepaid tour and air ticket costs	1,777	2,028
Receivables from travel companies for ticket costs	112,712	93,666
Other receivables	470	1,661
	<b>117,492</b>	99,701
Less: ECLs allowance	<b>(89,988)</b>	(50,495)
	<b>27,504</b>	49,206

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	
	2021 HK\$'000	2020 HK\$'000
CAD	14,324	22,642
USD	9,981	23,436
Others	190	13
	<b>24,495</b>	46,091

### 20 CASH AND CASH EQUIVALENTS

	As at 31 December	
	2021 HK\$'000	2020 HK\$'000
Cash on hand	3	5
Cash at banks	48,746	30,090
	<b>48,749</b>	30,095

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 20 CASH AND CASH EQUIVALENTS (CONTINUED)

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

	As at 31 December	
	2021 HK\$'000	2020 HK\$'000
CAD	37,059	7,696
USD	2,119	5,667
HKD	9,538	16,695
Others	33	37
	48,749	30,095

### 21 DEFERRED INCOME TAX

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

	As at 31 December	
	2021 HK\$'000	2020 HK\$'000
Deferred income tax assets	43,221	22,052
Deferred income tax liabilities	(296)	(638)





## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 21 DEFERRED INCOME TAX (CONTINUED)

#### Deferred income tax liabilities

	2021 HK\$'000	2020 HK\$'000
<b>Accelerate tax depreciation</b>		
<b>At 1 January</b>	(638)	(1,138)
Credited to profit or loss (Note 11)	351	493
Exchange differences	(9)	7
<b>At 31 December</b>	(296)	(638)

### 22 FINANCIAL ASSETS AT FVTPL/FVTOCI

		As at 31 December 2021 HK\$'000	As at 31 December 2020 HK\$'000
<b>Non-current assets</b>	Note		
<i>Financial assets at FVTPL</i>			
Government Bond	(i)	1,521	1,507
<i>Financial asset at FVTOCI</i>			
Unlisted equity investments	(ii)	3,185	3,774
<b>Current assets</b>			
<i>Financial assets at FVTPL</i>			
Listed equity securities	(iii)	—	3,445
Investments fund	(iv)	—	2,431
		—	5,876

#### Notes

- (i) It represents a government bond issued by the Canadian government. The carrying value of the government bond issued by the Canadian government was CAD250,000 (equivalent to approximately HK\$1,521,000) as at 31 December 2021 (2020: CAD250,000). The interest rate for the bond is 1.8% per annum with a maturity date of 21 March 2023. Fair value loss on the government bond of HK\$2,000 was recognised in "other gain, net" for the year ended 31 December 2021 (2020: fair value gain HK\$86,000).

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 instrument measured at FVTOCI was acquired in June 2019. The directors of the Company classified the investment as financial asset as FVTOCI as the investment represented 1.5% (2020: 1.9%) of the equity interests and it is held for long term strategic gains and not for trading. The fair value of the unlisted equity instrument is a level 3 recurring fair value measurement. The fair value is measured by reference to a valuation report issued by an independent valuation expert with market approach (note 3.3). Fair value loss on the unlisted equity instrument of HK\$631,000 was recognised in other comprehensive income for the year ended 31 December 2021 (2020: fair value gain of HK\$1,307,000).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Notes (continued)

- (iii) The investments represented listed equity securities investments that offer the Group the opportunity for return through dividend income and fair value gains. They had no fixed maturity or coupon rate. The fair values of listed securities traded in an active market were based on market prices at the end of reporting period. No fair value loss on the listed equity securities was recognised in "other gain/(losses), net" for the year ended 31 December 2021 (2020: HK\$479,000). During the year ended 31 December 2021, the Group sold its listed equity securities and a gain on disposal of listed equity securities of HK\$122,000 was recognised in "other gain/(losses), net" (2020: HK\$2,981,000).
- (iv) The investment fund measured at fair value through profit and loss was acquired by the Group in December 2020 represent a private fund that offer the Group the opportunity for return through dividend income and fair value gains. They have no fixed maturity or coupon rate. The fair values of the fund were based on the portion of the net assets value of the fund entitled by the Group. The net assets value of the fund was largely determined by the market prices of the listed shares and listed debt instruments held by the fund at the end of reporting period. During the year ended 31 December 2021, the Group sold its investment fund and gain on disposal of the investment fund of HK\$57,000 was recognised in "other gain/(losses), net" (2020: Nil).

### 23 SHARE CAPITAL AND OTHER RESERVE

#### (a) Share capital

	Number of ordinary shares (‘000)	Nominal value of ordinary shares HK\$’000
<b>Authorised:</b>		
Ordinary shares of HK\$0.0001 each		
As at 1 January 2020, and 31 December 2020 and 2021	90,000,000	9,000
<b>Issued and fully paid:</b>		
As at 1 January 2020, and 31 December 2020 and 2021	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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 24 TRADE PAYABLES

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

	As at 31 December 2021 HK\$'000	As at 31 December 2020 HK\$'000
0 to 30 days	4,170	33
31 to 60 days	4,386	5
Over 60 days	2,876	146
	<b>11,432</b>	<b>184</b>

The carrying amounts of the trade payables approximate their fair values as at 31 December 2021 and 2020 and are all denominated in CAD.

### 25 ACCRUALS AND OTHER PAYABLES AND CONTRACT LIABILITIES

#### (a) Accruals and other payables

	As at 31 December 2021 HK\$'000	As at 31 December 2020 HK\$'000
Accrued staff costs and management fees	1,004	332
Accrued expenses	7,400	2,906
Payables to airlines (Note)	12,311	2,381
Receipt in advance from a customer in relation to travel business process management	27,821	4,267
Sales tax payable	662	267
Payables to travel companies	1,698	1,223
Other payables	5,628	4,401
	<b>56,524</b>	<b>15,777</b>

Note:

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The carrying amounts of the accruals and other payables (excluding non-financial liabilities and accruals for employee benefit expenses) approximate to their fair values as at year end and are denominated in the following currencies:

	As at 31 December	
	2021 HK\$'000	2020 HK\$'000
CAD	48,967	11,335
USD	1,081	1,455
HKD	4,810	2,387
	<b>54,858</b>	<b>15,177</b>

#### (b) Contract liabilities

	As at 31 December	
	2021 HK\$'000	2020 HK\$'000
Contract liabilities arising from sale of travel products and services	385	—
Contract liabilities arising from sale of air ticket distribution	30	1,359
	<b>415</b>	<b>1,359</b>

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:

	2021 HK\$'000	2020 HK\$'000
Balance as at 1 January	1,359	3,574
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	(1,359)	(3,574)
Increase in contract liabilities as a result of billing in advance	415	1,359
Balance as at 31 December	<b>415</b>	<b>1,359</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 26 BANKING FACILITIES

As at 31 December 2021, the Group has banking facilities available in the form of letters of guarantee of HK\$15,378,000 (2020: HK\$15,225,000) in which HK\$5,134,000 (2020: HK\$7,805,000) 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 2021 and 2020.

### 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 2021 HK\$'000	31 December 2020 HK\$'000
Equipment and properties leased for own use, carried at depreciated cost		
Office equipment, carried at depreciated cost	49	7
Office premises, carried at depreciated cost	3,199	3,888
Total	3,248	3,895

Reconciliation of right-of-use assets	Office equipment HK\$'000	Office premise HK\$'000	Total HK\$'000
At 1 January 2020	16	7,236	7,252
Depreciation	(7)	(2,739)	(2,746)
Provision for impairment	(1)	(579)	(580)
Exchange differences	(1)	(30)	(31)
At 31 December 2020 and 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	49	3,199	3,248

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 27 LEASES (CONTINUED)

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

#### LEASE LIABILITIES

Reconciliation of lease liabilities	Office equipment HK\$'000	Office premise HK\$'000	Total HK\$'000
At 1 January 2020	22	7,392	7,414
Interest expenses	—	277	277
Repayments	(8)	(2,700)	(2,708)
Exchange differences	(6)	(6)	(12)
At 31 December 2020 and 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	49	4,434	4,483

Future lease payments are due as follows:

	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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 27 LEASES (CONTINUED)

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

#### LEASE LIABILITIES (continued)

	Minimum lease payments 31 December 2020 HK\$'000	Interest 31 December 2020 HK\$'000	Present value 31 December 2020 HK\$'000
Not later than one year	1,650	(40)	1,610
Later than one year and not later than two years	752	(52)	700
Later than two years and not later than five years	3,046	(385)	2,661
	5,448	(477)	4,971

The present value of future lease payments are analysed as:

	2021 HK\$'000	2020 HK\$'000
Current liabilities	1,456	1,610
Non-current liabilities	3,027	3,361
	4,483	4,971

	2021 HK\$'000	2020 HK\$'000
Short term lease expense	1,196	607
Aggregate undiscounted commitments for short term leases	1,196	607

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 28 LOAN FROM GOVERNMENT

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

	31 December 2021 HK\$'000	31 December 2020 HK\$'000
Repayable within two years	683	—
Repayable after two years but within five years	2,569	1,485
Repayable after five years	908	1,181
	<b>4,160</b>	2,666

During the year, the Group obtained a loan from the Government of Canada under the Regional Economic Growth Through Innovation program. As at 31 December 2021, the Group's borrowing were denominated in CAD and non-interest bearing (2020: CAD and non-interest bearing).

### 29 CASH GENERATED FROM/(USED IN) OPERATIONS

	Year ended 31 December	
	2021 HK\$'000	2020 HK\$'000
<b>Cash flows from operating activities</b>		
Loss before income tax	(59,871)	(54,116)
Adjustments for:		
Depreciation of property, plant and equipment	2,353	2,081
Amortisation of intangible assets	1,626	2,538
Depreciation of right-of-use assets	2,053	2,746
Finance costs, net	287	238
Dividends income from listed equity securities	(7)	(1,088)
Gain on disposal of financial assets at FVTPL	(179)	(2,981)
Fair value change in financial assets at FVTPL	2	(670)
ECLs allowance on financial assets	39,307	50,068
Impairment loss on non-financial assets	—	1,476
Share of net losses of joint ventures	1,281	511
Operating cash flows before changes in working capital	(13,148)	803
Changes in working capital:		
Trade receivables	(7,429)	10,601
Prepayments, deposits and other receivables	(16,996)	(5,980)
Trade payables	11,339	142
Accruals and other payables	40,952	(55,807)
Contract liabilities	(966)	(2,157)
Cash generated from/(used in) operations	<b>13,752</b>	(52,398)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

#### Significant non-cash transaction

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.

During the year ended 31 December 2020, there was no significant investing or financing non-cash transactions.

### 30 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Loan from government HK\$'000	Lease liabilities HK\$'000	Total HK\$'000
<b>At 1 January 2020</b>	—	7,414	7,414
Non-cash changes:			
– Imputed interest recognised as other income	(397)	—	(397)
– Interest expense	37	277	314
– Proceeds from borrowing	2,894	—	2,894
– Repayment of principal elements	—	(2,708)	(2,708)
Repayment of interest elements	—	(277)	(277)
Foreign exchange adjustments	132	265	397
<b>At 31 December 2020</b>	2,666	4,971	7,637
Non-cash changes:			
– Gain on modification of loan from government	(60)	—	(60)
– Imputed interest recognized 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
<b>At 31 December 2021</b>	<b>4,160</b>	<b>4,483</b>	<b>8,643</b>

### 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 2020 and 2021.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 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
Ms. Mariana Kou Chung Yin	Director
Mr. Liu Jiefeng	Director
Mrs. Rita Pik Fong Tsang	Director
Ms. Annie Shuk Fong Tsu	Director
Dr. Kwok Chun Dennis Chu	Director

#### (a) Transactions with key management personnel

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

	Year ended 31 December	
	2021 HK\$'000	2020 HK\$'000
Repayment of lease liabilities and interest	620	1,250
Short-term leases expenses	868	—
	<b>1,488</b>	1,250

Notes:

- The above transactions were mutually agreed by both parties at a fixed sum or charged based on cost incurred.
- The right-of-use asset and lease liability of corresponding lease transaction with key management personnel were HK\$503,000 and HHK\$603,000 respectively as at 31 December 2020 and the corresponding lease agreement was ended during the year ended 31 December 2021. Another new short term lease agreement was signed during the year ended 31 December 2021.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 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	
	2021 HK\$'000	2020 HK\$'000
Directors' fees, salaries, bonuses and allowances	7,317	5,550
Pension costs	49	47
	<b>7,366</b>	<b>5,597</b>

### 33 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENTS OF THE COMPANY

	Notes	As at 31 December 2021 HK\$'000	As at 31 December 2020 HK\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment in subsidiaries	34	181,200	181,200
Property, plant and equipment		1,862	—
Right-of-use assets		1,088	—
Deferred income tax assets		14,816	6,535
		<b>198,966</b>	<b>187,735</b>
<b>Current assets</b>			
Prepayment		463	172
Financial assets at FVTPL		—	5,876
Loan to a subsidiary		—	44,000
Amount due from subsidiaries		19,367	18,452
Cash and cash equivalents		9,483	14,391
		<b>29,313</b>	<b>82,891</b>
<b>Total assets</b>		<b>228,279</b>	<b>270,626</b>
<b>EQUITY</b>			
<b>Equity attributable to the owners of the Company</b>			
Share capital	23(a)	120	120
Share premium	(i)	88,248	88,248
Other reserve	(i)	181,109	181,109
Accumulated losses	(i)	(59,887)	(46,290)
<b>Total equity</b>		<b>209,590</b>	<b>223,187</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Notes	As at 31 December 2021 HK\$'000	As at 31 December 2020 HK\$'000
<b>Non-current liabilities</b>		
Lease liabilities	450	—
<b>Current liabilities</b>		
Amounts due to subsidiaries	—	45,051
Other payable	4,010	2,388
Lease liabilities	638	—
Income tax payables	13,591	—
	<b>18,239</b>	47,439
<b>Total liabilities</b>	<b>18,689</b>	47,439
<b>Total equity and liabilities</b>	<b>228,279</b>	270,626

The statements of financial position of the Company was approved by the Board of Directors on 31 March 2022 and was signed on its behalf.

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

Mr. Liu Xue Bin  
Executive Director

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 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
<b>At 1 January 2020</b>	88,248	298,709	(34,794)	352,163
<b>Comprehensive loss</b>				
Loss for the year	—	—	(122,616)	(122,616)
Transfer from other reserve		(117,600)	117,600	—
<b>Total comprehensive income for the year</b>	—	(117,600)	(5,016)	(122,616)
<b>Total transactions with owners in their capacity as owners:</b>				
– Dividends paid	—	—	(6,480)	(6,480)
<b>At 31 December 2020</b>	88,248	181,109	(46,290)	223,067
<b>Comprehensive loss</b>				
Loss for the year	—	—	(39,738)	(39,738)
<b>Total comprehensive income for the year</b>	—	—	(39,738)	(39,738)
<b>Total transactions with owners in their capacity as owners:</b>				
– Contribution by shareholders	—	—	26,141	26,141
<b>At 31 December 2021</b>	<b>88,248</b>	<b>181,109</b>	<b>(59,887)</b>	<b>209,470</b>

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

### 34 INVESTMENT IN SUBSIDIARIES

	As at 31 December	
	2021 HK\$'000	2020 HK\$'000
Investment in unlisted shares	540,000	540,000
Less: impairment loss	(358,800)	(358,800)
Investment in subsidiaries, net	181,200	181,200

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 34 INVESTMENT IN SUBSIDIARIES (CONTINUED)

As at 31 December 2021 and 2020, 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 kind of legal entity	Principal activities	Particulars of issued share capital/ registered capital	Proportion of ordinary shares held	
				directly	indirectly
BVTEHU Inc.	Ontario, Canada and limited liability company	Investment holding	101 common shares	100%	—
Tour East Holidays (Canada) Inc. (“ <b>Tour East Canada</b> ”)	Ontario, Canada and 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. (“ <b>Tour East New York</b> ”)	New York, United States and limited liability company	Engaged in air ticket distribution, travel business process management and provision of travel products and services	200 common shares	—	100%

### 35 IMPACT OF THE COVID-19 PANDEMIC

Governments of Canada has implemented various measures which might mitigate some of the impact of the COVID-19 pandemic to the results and liquidity position of the Group. Details of all of the arrangements that might be available and the period throughout which they will remain available are continuing to evolve and remain subject to uncertainty.

The directors of the Company are continuing to assess the implications of COVID-19 pandemic to the business in which the Group operates. Depending on the duration of the COVID-19 pandemic and continued negative impact on economic activity, the Group might incur additional impairments or ECLs allowance on its assets in 2022. However, the exact impact in the remainder of 2022 and thereafter cannot be predicted.

# 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				
	2021 HK\$('000)	2020 HK\$('000)	2019 HK\$('000)	2018 HK\$('000)	2017 HK\$('000)
Revenue	55,822	51,605	112,141	149,181	153,862
Cost of sales	(39,235)	(28,024)	(31,792)	(45,493)	(55,714)
Gross profit	16,587	23,581	80,349	103,688	98,148
(Loss)/profit before income tax	(59,871)	(54,116)	15,515	15,715	17,897
(Loss)/profit for the year	(75,768)	(48,061)	10,747	11,095	12,365
Adjustments:					
Add:					
Departure and Deemed Disposition Taxes	39,732	—	—	—	—
Listing expenses	—	—	—	18,068	19,571
Less:					
Deferred income tax recognised in income tax expenses	(8,281)	—	—	—	—
Deductible Listing expenses recognized in deferred income tax	—	—	—	(4,788)	(5,186)
Adjusted (loss)/profit for the year (Note)	(44,317)	(48,061)	10,747	24,375	26,750

Note: Adjusted loss for the year refers to loss for the year ended 31 December 2021 (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 refers to profit for the years ended December 31, 2018 and 2017 excluding (i) listing expenses and (ii) deferred income tax impact from the deductible listing expenses recognised in income tax expenses. 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.

ASSETS AND LIABILITIES	As at 31 December				
	2021 HK\$('000)	2020 HK\$('000)	2019 HK\$('000)	2018 HK\$('000)	2017 HK\$('000)
Current assets	90,243	91,584	201,831	228,426	181,528
Non-current assets	65,181	47,876	50,743	40,671	15,831
Total assets	155,424	139,460	252,574	269,097	197,359
Current liabilities	(83,418)	(18,930)	(79,395)	(107,512)	(132,069)
Non-current liabilities	(7,483)	(6,665)	(6,033)	(696)	(593)
Total liabilities	(90,901)	(25,595)	(85,428)	(108,208)	(132,662)
Equity attributable to the owners of the Company	64,523	113,865	167,146	160,889	64,697