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## **Chinese International Group Holdings Limited**

**富盈環球集團控股有限公司**

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

**(Stock Code: 1620)**

### **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2024**

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

	<b>Six months ended 30 June</b>		
	<b>2024</b>	<b>2023</b>	<b>Increase/ (decrease)</b>
	<b>HK\$ million</b>	<b>HK\$ million</b>	
Revenue	<b>50.1</b>	37.8	32.5%
Gross profit	<b>18.1</b>	17.9	1.1%
Gross profit margin (%)	<b>36.2</b>	47.2	(23.3%)
(Loss)/profit for the period	<b>(28.8)</b>	0.6	(4,900%)
Basic and diluted (losses)/earnings per share (HK cents)	<b>(2.4)</b>	0.05	(4,900%)

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2024

		<b>Six months ended 30 June</b>	
		<b>2024</b>	<b>2023</b>
		<b>HK\$'000</b>	<b>HK\$'000</b>
	Notes	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Revenue	4	<b>50,053</b>	37,842
Cost of sales	6	<b>(31,911)</b>	(19,975)
<b>Gross profit</b>		<b>18,142</b>	17,867
Other income	5	<b>7</b>	—
Other gains, net	5	<b>1,846</b>	12
(Provision)/reversal of expected credit losses (“ECLs”) allowance on financial assets		<b>(20,167)</b>	4,204
Selling expenses	6	<b>(1,355)</b>	(1,358)
Administrative expenses	6	<b>(18,154)</b>	(18,935)
<b>Operating (loss)/profit</b>		<b>(19,681)</b>	1,790
Finance income		<b>3</b>	101
Finance costs		<b>(110)</b>	(127)
Finance costs, net	7	<b>(107)</b>	(26)
<b>(Loss)/profit before income tax</b>		<b>(19,788)</b>	1,764
Income tax expense	8	<b>(9,038)</b>	(1,174)
<b>(Loss)/profit for the period attributable to owners of the Company</b>		<b>(28,826)</b>	590
<b>Other comprehensive loss</b>			
<i>Item that may be subsequently reclassified to profit or loss:</i>			
– Currency translation differences		<b>(2,311)</b>	271
<i>Item that will not be reclassified to profit or loss:</i>			
– Change in fair value of equity instrument at fair value through other comprehensive income		<b>—</b>	(1,970)
<b>Other comprehensive loss for the period</b>		<b>(2,311)</b>	(1,699)
<b>Total comprehensive loss for the period attributable to owners of the Company</b>		<b>(31,137)</b>	(1,109)
<b>Basic and diluted (losses)/earnings per share (HK cents)</b>	10	<b>(2.40)</b>	0.05

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

		As at <b>30 June</b> <b>2024</b> <b>HK\$'000</b> <b>(Unaudited)</b>	As at 31 December 2023 HK\$'000 (Audited)
	Notes		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		442	602
Intangible assets		—	—
Right-of-use assets		1,661	2,664
Financial asset at fair value through profit or loss (“FVTPL”)		—	1,498
Financial asset at fair value through other comprehensive income (“FVTOCI”)		1,630	1,687
Deferred income tax assets		19,109	28,161
		<b>22,842</b>	<b>34,612</b>
<b>Current assets</b>			
Trade receivables	11	34,552	32,706
Prepayments, deposits and other receivables		27,526	47,757
Financial asset at FVTPL		1,480	—
Income tax recoverable		295	296
Cash and cash equivalents		34,650	26,433
		<b>98,503</b>	<b>107,192</b>
<b>Total assets</b>		<b>121,345</b>	<b>141,804</b>

		As at 30 June 2024 HK\$'000 (Unaudited)	As at 31 December 2023 HK\$'000 (Audited)
<b>EQUITY</b>			
<b>Equity attributable to the owners of the Company</b>			
Share capital	12	120	120
Share premium		88,248	88,248
Other reserve		(41,256)	(41,256)
Financial asset at FVTOCI reserve		(1,500)	(1,500)
Exchange reserve		4,387	6,698
Statutory reserve		1,276	1,077
Accumulated losses		(32,130)	(3,105)
<b>Total equity</b>		<b>19,145</b>	<b>50,282</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities		142	1,765
Loan from government		2,060	2,541
		<b>2,202</b>	<b>4,306</b>
<b>Current liabilities</b>			
Trade payables	13	19,691	15,273
Accruals and other payables		61,336	58,573
Contract liabilities		85	87
Lease liabilities		2,618	2,058
Loan from government		782	798
Income taxes payable		486	427
Amount due to immediate holding company		15,000	10,000
		<b>99,998</b>	<b>87,216</b>
<b>Total liabilities</b>		<b>102,200</b>	<b>91,522</b>
<b>Total equity and liabilities</b>		<b>121,345</b>	<b>141,804</b>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 1 GENERAL INFORMATION

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

The Company is an investment holding company. The Company and its subsidiaries comprising the Group (together, the “**Group**”) are engaged in air ticket distribution, travel business process management and travel products and services (the “**Business**”) in Canada, the United States (the “**U.S.**”) and the People’s Republic of China (the “**PRC**”).

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

## 2 BASIS OF PREPARATION AND GOING CONCERN ASSUMPTION

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

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

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

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

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

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

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

### **3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES**

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

#### **3.1 Adoption of new or revised IFRSs**

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

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

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

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

#### **3.2 Use of judgements and estimates**

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

#### 4 REVENUE AND SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the chief operating decision makers that are used for making strategic decisions. The chief operating decision makers are identified as the executive directors of the Company. The chief operating decision makers regularly monitor and receive reports relating to the performance of the three lines of business the Group operates during the six months ended 30 June 2024. In this regard, management has identified three reportable operating segments, namely (1) Air ticket distribution, (2) Travel business process management and (3) Travel products and services.

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

- Air ticket distribution: The Group sells air tickets on behalf of airlines in exchange for margin income and incentive commissions from airlines.
- Travel business process management: The Group performs certain administrative and management services mainly for travel agencies in exchange for travel business process management fees.
- Travel products and services: The Group packages various travel products from suppliers into company-operated tours. The Group also sells other travel products and services, where the travelers are responsible for their trips using travel services sourced by the Group.

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



Six months ended 30 June 2024 (Unaudited)

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

## Six months ended 30 June 2023 (Unaudited)

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

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

	<b>Six months ended 30 June</b>	
	<b>2024</b>	2023
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Company A - travel business process management segment	<b>11,150</b>	10,725
Company B - travel products and services	<b>8,696</b>	N/A
Company C - travel products and services	<b>6,684</b>	N/A
Company D - travel products and services (Note)	N/A	7,016
Company E - travel products and services (Note)	N/A	4,061
	<u><b>50,053</b></u>	<u>37,842</u>

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

There is no material inter-segment revenue.

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

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

## 5 OTHER INCOME AND OTHER GAINS, NET

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

## 6 EXPENSES BY NATURE

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

## 7 FINANCE COSTS, NET

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

## 8 INCOME TAX EXPENSE

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

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

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

## 9 DIVIDENDS

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

## 10 (LOSSES)/EARNINGS PER SHARE

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

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

Diluted (losses)/earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. Potential ordinary shares are dilutive when, and only when, their conversion to ordinary shares would decrease earnings per share or increase losses per share. During the six months ended 30 June 2024 and 2023, the Group has no dilutive potential ordinary shares.

## 11 TRADE RECEIVABLES

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

The payment period from customers is generally 90 days.

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

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

## 12 SHARE CAPITAL

	<b>Number of ordinary shares (‘000)</b>	<b>Nominal value of ordinary shares HK\$’000</b>
<b>Authorised:</b>		
Ordinary shares of HK\$0.0001 each		
As at 1 January 2023, 31 December 2023 (audited) and 30 June 2024 (unaudited)	90,000,000	9,000
<b>Issued and fully paid:</b>		
As at 1 January 2023, 31 December 2023 (audited) and 30 June 2024 (unaudited)	1,200,000	120

## 13 TRADE PAYABLES

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

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



## 14 BANKING FACILITIES

As at 30 June 2024, the Group has banking facilities available in the form of letters of guarantee of approximately HK\$14,263,000 (2023: approximately HK\$14,766,000) in which approximately HK\$4,990,000 (2023: approximately HK\$5,092,000) was utilised by the Group and secured by a Canadian Crown corporation, an enterprise wholly owned by the Government of Canada.

The Group was in compliance with all banking covenants as at 30 June 2024 and 31 December 2023.

## MANAGEMENT DISCUSSION AND ANALYSIS

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

### BUSINESS REVIEW

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

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

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

### **Air ticket distribution**

Segment revenue decreased by approximately 36.7% or approximately HK\$3.6 million, from approximately HK\$9.8 million for the six months ended 30 June 2023, to approximately HK\$6.2 million for the six months ended 30 June 2024. Such decrease was mainly attributable to the decrease in transaction volume of air tickets sales and gross sales proceeds generated from air tickets sales, primarily due to the stagnated recovery of air transportation volume between the PRC and North America in the six months ended 30 June 2024. As one of the International Air Transport Association (IATA) accredited travel agents in Canada and one of the Airlines Reporting Corporation (ARC) accredited travel agents in the United States, the Group is qualified to obtain ticketing authority to issue air tickets of all available flights (origins and destinations) on behalf of IATA member airlines and ARC member airlines and secure private fare deals directly from them. As at 30 June 2024, the Group had ticketing authority for more than 150 airlines, including top airlines based in Canada, the United States and the People's Republic of China.

## **Travel business process management**

The Group continued to provide a range of travel business process management including air ticket transaction processing, customer contact, BSP/ARC settlement and reconciliation, software development and travel licensing, compliance and other administrative matters to its customers. Segment revenue generated from travel business process management remained relatively stable at approximately HK\$11.2 million and HK\$10.8 million for the six months ended 30 June 2024 and 2023, respectively. The Group reduced business cooperation with certain customers with lower profit margins to improve the operational efficiency and profitability. As a result, the Group recorded an increase in gross profit margin for the travel business process management segment of approximately 9.1 percentage points from approximately 63.4% for the six months ended 30 June 2023 to approximately 72.5% for the six months ended 30 June 2024. The management will continue to expand the Group's customer base by initiating sales efforts targeting travel agents that share similar profile and market positioning as its existing customers, while at the same time optimise the Group's customer profile.

## **Travel products and services**

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

## **FUTURE PROSPECT**

The overall demand for air travel continues to grow steadily in 2024, which bodes well for the continued and steady recovery from the COVID-19 pandemic. The airline, travel and tourism industries worldwide have significantly improved alongside with steady demand for travel and increasing flight numbers. It is expected that the air transportation volume between the PRC and North America will recover steadily going forward following the Department of Transportation of United States allowing the operation of up to 50 weekly round-trip scheduled passenger flights between the PRC and the United States in or around April 2024, as compared to 35 weekly flights allowed previously. Airlines of different countries have increased their number of destinations while passenger demand and bookings have demonstrated a continued growth. In particular, the Group continued to expand its package tour business in the first half of 2024. The Group therefore believes that the travel industries as a whole are improving, which will in turn create business opportunities for the Group.

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

## FINANCIAL REVIEW

### REVENUE

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

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

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

### **Air ticket distribution**

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

### **Travel business process management**

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

### **Travel products and services**

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

## GROSS PROFIT AND GROSS PROFIT MARGIN

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

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

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

The overall gross profit margin of the Group decreased by approximately 11.0 percentage points, from approximately 47.2% for the six months ended 30 June 2023 to approximately 36.2% for the six months ended 30 June 2024, which was primarily attributable to the increase in the proportion of revenue contribution of the travel products and services segment which had a relatively lower gross profit margin as compared to other segments because the costs for company-operated cultural tours in the Greater Bay Area was relatively heavy.



### **Air ticket distribution**

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

### **Travel business process management**

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

## **Travel products and services**

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

## **Other income**

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

## **Selling expenses**

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

## **Administrative expenses**

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

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

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

### **(Loss)/profit for the period**

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

### **LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

During the six months ended 30 June 2024, the Group’s primary source of funding included, among others, its own working capital, the net proceeds from the listing and the credit facilities provided by the Group’s principal bank in Canada.

Net cash generated from operating activities was approximately HK\$5.5 million for the six months ended 30 June 2024, as compared to the net cash generated from operating activities of approximately HK\$5.7 million for the six months ended 30 June 2023. Net cash used in investing activities was approximately HK\$17,000 for the six months ended 30 June 2024, as compared to the net cash generated from investing activities of approximately HK\$96,000 for the six months ended 30 June 2023. Net cash generated from financing activities was approximately HK\$3.6 million for the six months ended 30 June 2024, as compared to the net cash generated from financing activities of approximately HK\$4.1 million for the six months ended 30 June 2023.

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

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

### **Net current (liabilities)/assets**

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

### **Borrowings**

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

### **Treasury policies**

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

## **Financial asset at FVTPL**

The current financial asset at FVTPL of approximately HK\$1.5 million as at 30 June 2024 and 31 December 2023 represented a government bond issued by the Canadian government with an interest rate of approximately 3.6% per annum and maturity date of 15 February 2025. Accordingly, the Group recorded non-current financial asset at FVTPL of approximately HK\$1.5 million as at 31 December 2023, and current financial asset at FVTPL of approximately HK\$1.5 million as at 30 June 2024. As the highest applicable percentage ratio under Rule 14.07 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”) in respect of the subscription of government bond mentioned above was less than 5.0%, such transaction was exempted from the notification, publication and shareholders’ approval requirements under Chapter 14 of the Listing Rules.

## **Amount due to immediate holding company**

As at 30 June 2024, the Group had amount due to immediate holding company of HK\$15.0 million, as compared to HK\$10.0 million as at 31 December 2023. Such amount due to immediate holding company was non-trade in nature, interest-free, unsecured, repayable on demand and on normal commercial terms or better, and constituted a fully exempt financial assistance received by the Group pursuant to Rule 14A.90 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

## **EVENTS AFTER THE REPORTING PERIOD**

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

## **FOREIGN EXCHANGE RISKS**

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

During the six months ended 30 June 2024, the Group did not engage in any derivatives activities and did not commit to any financial instruments to hedge its exposure to foreign currency risk.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 30 June 2024, the Group had a total of 73 employees as compared to 71 employees as at 31 December 2023. The total staff costs incurred by the Group for the six months ended 30 June 2024 were approximately HK\$15.3 million as compared to approximately HK\$16.5 million for the six months ended 30 June 2023. The Group will regularly review its remuneration policy and the benefits to its employees with reference to market practice and the performance of individual employees. In addition, the Company has adopted a share option scheme on 7 May 2018 to attract and retain individuals with experience and ability, and to reward them for their contributions. For details, please refer to the paragraph headed "Share option scheme" below.

## **MATERIAL ACQUISITIONS AND DISPOSALS AND SIGNIFICANT INVESTMENTS**

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

## **PLEDGE OF ASSETS**

As at 30 June 2024 and 31 December 2023, the Group had government bond issued by the Canadian government of approximately HK\$1.5 million. The bond is held as a security pledge for the operating permits required under the Quebec Travel Agents Act by the Québec L'Office de la protection du consommateur. The interest rate for the bond is approximately 3.6% with a maturity date of 15 February 2025.

## **CONTINGENT LIABILITIES**

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

## **FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS**

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

## **USE OF PROCEEDS FROM THE LISTING**

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

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

		<b>Actual utilisation up to 30 June 2024</b>	<b>Unutilised amounts as at 30 June 2024</b>	<b>Expected year of full utilisation of remaining balance</b>
<b>Use of net proceeds</b>	<b>Net proceeds from the share offer</b>	<b>HK\$ million</b>	<b>HK\$ million</b>	<b>HK\$ million</b>
Repayment of bank borrowings	21.5	21.5	—	—
Expansion of air ticket distribution business	13.4	1.0	12.4	2025
Upgrade the information technology infrastructure	6.7	4.8	1.9	2025
Expansion of the travel business process management business	6.9	6.9	—	—
Advertising and promotion	1.2	1.2	—	—
	<u>49.7</u>	<u>35.4</u>	<u>14.3</u>	

## SHARE OPTION SCHEME

The Company has adopted a share option scheme on 7 May 2018 (the “**Share Option Scheme**”). Other than the Share Option Scheme, the Group has no share schemes under Chapter 17 of the Listing Rules. The Share Option Scheme is designed to motivate eligible participants, including executives and key employees, who may make a contribution to the Group, and enables the Group to attract and retain individuals with experience and ability and to reward them for their contributions. Since the adoption of the Share Option Scheme and up to the date of this announcement, no share options had been granted, exercised, lapsed or cancelled under the Share Option Scheme. There were 120,000,000 share options available for grant as at both 1 January 2024 and 30 June 2024, as no share options had been granted during the six months ended 30 June 2024.



## **INTERIM DIVIDENDS**

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

## **CORPORATE GOVERNANCE PRACTICES**

The Company has complied with the code provisions (the “**Code Provision(s)**”) set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix C1 to the Listing Rules during the six months ended 30 June 2024 except the following deviation:

### **Code Provision C.2.1**

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

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

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

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules (the “**Model Code**”). The Company has made specific enquiries to all Directors, and all Directors have confirmed that they have complied with the Model Code and its code of conduct during the six months ended 30 June 2024 and up to the date of this announcement.

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

## **AUDIT COMMITTEE**

The Company has established an audit committee on 7 May 2018 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the CG Code as set out in Appendix C1 to the Listing Rules. The primary duties of the audit committee are to assist the Board by providing an independent view of the effectiveness of the financial reporting process, internal control and risk management system of the Group, to oversee the audit process, to develop and review the policies and to perform other duties and responsibilities as assigned by the Board. It also acts as an important link between the Board and the Company’s auditor in matters within the scope of the group audit. Meetings of the audit committee shall be held at least twice a year. The audit committee currently consists of three independent non-executive Directors, namely Ms. Kwan Ka Yee, Mr. Tan Wentao and Ms. Suen Yin Wah Chloe, with Ms. Kwan Ka Yee serving as the chairperson.

## **REVIEW OF ACCOUNTS**

The unaudited interim results and financial report of the Group for the six months ended 30 June 2024 have been reviewed by the audit committee and the audit committee is of the view that the interim results and financial report for the six months ended 30 June 2024 are prepared in accordance with applicable accounting standards, rules and regulations

and appropriate disclosures have been duly made. The external auditor has also reviewed the interim financial information of the Group for the six months ended 30 June 2024 in accordance with International Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by Independent Auditor of the Entity” issued by the International Auditing and Assurance Standard Board.

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

During the six months ended 30 June 2024 and up to the date of this announcement, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities.

## **PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT**

The interim results announcement is published on the websites of both the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.cighl.com>). The interim report of the Company for the six months ended 30 June 2024 containing all the information required under the Listing Rules will be dispatched to the shareholders of the Company and available on the aforementioned websites in due course.

By order of the Board

**Cinese International Group Holdings Limited**

**Dr. Kou Chung Yin Mariana**

*Chairperson and executive Director*

Hong Kong, 30 August 2024

*As at the date of this announcement, the executive Directors are Mr. Liu Xue Bin and Dr. Kou Chung Yin Mariana, the non-executive Director is Mr. Liu Jiefeng, and the independent non-executive Directors are Mr. Tan Wentao, Ms. Suen Yin Wah Chloe and Ms. Kwan Ka Yee.*