

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

Interim Report 2022





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FINANCIAL HIGHLIGHTS

	Six months ended 30 June		
	2022 HK\$ million (Unaudited)	2021 HK\$ million (Unaudited)	Increase/ (decrease)
Revenue	26.6	13.3	100.0%
Gross profit	12.6	4.4	186.4%
Loss for the period	(13.4)	(33.1)	(59.5%)
Basic and diluted losses per share (HK cents)	(1.1)	(2.8)	(60.7%)

Financial Position	As at	As at	Increase/ (decrease)
	30 June 2022 HK\$ million (Unaudited)	31 December 2021 HK\$ million (Audited)	
Total assets	138.4	155.4	(10.9%)
Shareholders' equity	50.7	64.5	(21.4%)
Current ratio and quick ratio (times)	1.0	1.1	(9.1%)
Gearing ratio (%)	8.2	6.4	28.1%



CORPORATE INFORMATION



BOARD OF DIRECTORS

Executive Directors

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

Non-executive Director

Mr. Liu Jiefeng

Independent Non-executive Directors

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

COMPANY SECRETARY

Mr. Kai Yu Chow (*HKICPA*)

AUTHORISED REPRESENTATIVES

Ms. Kou Chung Yin Mariana
Mr. Kai Yu Chow

REGISTERED OFFICE

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

HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Star House, No.3 Salisbury Road,
Kowloon, Hong Kong

PRINCIPAL PLACE OF BUSINESS IN CANADA

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

HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

AUDITOR

BDO Limited
Certified Public Accountants
Registered Public Interest Entity Auditor

LEGAL ADVISERS AS TO HONG KONG LAW

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

PRINCIPAL BANKERS

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

STOCK CODE

1620

WEBSITE

www.cighl.com

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 2022 together with the unaudited comparative figures for the six months ended 30 June 2021.

BUSINESS REVIEW

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

The Group’s performance in the first half of 2022 continued to be impacted by the ongoing pandemic of the coronavirus disease 2019 (“**COVID-19**”). That said, there was a gradual recovery of the travel industries with increasing rate of vaccination and relaxation of travel restrictions worldwide, and the Group recorded an increase in transaction volume and revenue for its air ticket distribution services and travel business process management services for the six months ended 30 June 2022, as compared to the corresponding period in 2021. The Group also leveraged its knowledge and experience from travel services provider to explore new business opportunities and had entered into a non-legally binding memorandum of understanding in early 2022 with a travel services provider in the Guangdong-Hong Kong-Macao Greater Bay Area (“**Greater Bay Area**”) in relation to potential travel business cooperation. The Group commenced its cooperation with the said travel services provider in September 2022 for the provision of travel-related services in the Greater Bay Area.

The total revenue of the Group increased by approximately HK\$13.3 million or approximately 100.0%, from approximately HK\$13.3 million for the six months ended 30 June 2021 to approximately HK\$26.6 million for the six months ended 30 June 2022, which was mainly due to the increase in revenue generated from the travel business process management segment, and to a lesser extent the air ticket distribution segment. The gross profit of the Group increased by approximately HK\$8.2 million or approximately 186.4%, from approximately HK\$4.4 million for the six months ended 30 June 2021 to approximately HK\$12.6 million for the six months ended 30 June 2022. The overall gross profit margin of the Group increased by approximately 14.6 percentage points, from approximately 32.9% for the six months ended 30 June 2021 to approximately 47.5% for the six months ended 30 June 2022, which was primarily attributable to the increase in gross profit margin of the travel business process management segment, and the air ticket distribution segment.

Air ticket distribution

Air ticket distribution business segment experienced a gradual recovery for the six months ended 30 June 2022 as compared to the corresponding period in 2021, despite the continued impact of the COVID-19 pandemic. Segment revenue increased by approximately 80.0% or approximately HK\$2.4 million from approximately HK\$3.0 million for the six months ended 30 June 2021, to approximately HK\$5.4 million for the six months ended 30 June 2022. Such increase was mainly attributable to the increase in transaction volume of air tickets sales and gross sales proceeds generated from air tickets sales, primarily due to a gradual recovery of the travel industries with increasing rate of vaccination and relaxation of travel restrictions worldwide. As one of the International Air Transport Association (IATA) accredited travel agents in Canada and one of the Airlines Reporting Corporation (ARC) accredited travel agents in the United States, the Group is qualified to obtain ticketing authority to issue air tickets of all available flights (origins and destinations) on behalf of IATA member airlines and ARC member airlines and secure private fare deals directly from them. As at 30 June 2022, the Group had ticketing authority for more than 150 airlines and private fare deals with around 70 airlines, including top airlines based in Canada, the United States and China.

MANAGEMENT DISCUSSION AND ANALYSIS



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 increased by approximately 82.5% or approximately HK\$8.5 million, from approximately HK\$10.3 million for the six months ended 30 June 2021, to approximately HK\$18.8 million for the six months ended 30 June 2022. Such increase was mainly attributable to the increase in transaction volume as a result of gradual recovery of the travel industries from the COVID-19 pandemic with increasing rate of vaccination worldwide. The management will continue to expand the Group's customer base by initiating sales efforts targeting travel agents that share similar profile and market positioning as its existing customers.

Other business process management

By leveraging the knowledge and experience from travel business process management segment, the Group 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 the second half of 2021, where a range of business process management services including translation, customer contact, software support and other administrative services was provided by the Group. The Group provided less business process management services to the said healthcare company during the six months ended 30 June 2022 as there was a reduction in testing requirement for international travellers in Canada, and the revenue generated from other business process management segment amounted to approximately HK\$2.3 million for the six months ended 30 June 2022. Going forward, the management will continue to explore business opportunities for its other business process management segment.

Travel products and services

The Group had temporarily suspended the provision of its outbound package tours due to the outbreak of COVID-19 pandemic and travel restrictions across the world. Therefore, no segment revenue from travel products and services was generated for the six months ended 30 June 2022, as compared to the minimal segment revenue recorded for the corresponding period in 2021.

FUTURE PROSPECT

It is expected that the COVID-19 pandemic would continue to impact the airline, travel and tourism industries worldwide until the travel restrictions across countries are further relaxed. 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. The Group believes that the global aviation industry is gradually recovering. In addition to more countries relaxing or even cancelling quarantine restrictions, airlines of different countries are increasing their number of destinations and passenger capacities are also on the rise. The Group therefore believes that demand from travellers, whether for business or leisure travel, as well as the travel industries as a whole, are improving. The Group hopes that the macro environment would further improve and tourists could resume travelling as normal.

Furthermore, as illustrated by the other business process management segment which was newly developed in the second half of 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 also seek to establish its presence in the travel industries of the Greater Bay Area with its newly entered travel business cooperation mentioned above. The Group will continue to deploy business strategies with a view to sustain its travel related businesses and endeavor to explore suitable business opportunities from time to time in the travel consultancy, healthcare, hospitality and other potential service industry to create business synergy and bring value to shareholders of the Company ("**Shareholders**").

MANAGEMENT DISCUSSION AND ANALYSIS

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			
	2022		2021	
	HK\$'000 (Unaudited)	% (Unaudited)	HK\$'000 (Unaudited)	% (Unaudited)
Air ticket distribution	5,405	20.4	2,989	22.5
Travel business process management	18,849	70.9	10,274	77.4
Other business process management	2,320	8.7	—	—
Travel products and services	—	—	5	0.1
Total	26,574	100.0	13,268	100.0

The Group's revenue increased by approximately HK\$13.3 million or approximately 100.0%, from approximately HK\$13.3 million for the six months ended 30 June 2021 to approximately HK\$26.6 million for the six months ended 30 June 2022. Such increase was mainly attributable to the increase in revenue generated from the travel business process management segment, and to a lesser extent the air ticket distribution segment.

Air ticket distribution

The revenue from air ticket distribution segment increased by approximately HK\$2.4 million, or approximately 80.0%, from approximately HK\$3.0 million for the six months ended 30 June 2021, to approximately HK\$5.4 million for the six months ended 30 June 2022. Such increase was mainly attributable to the increase in the transaction volume of air tickets sales and gross sales proceeds generated from air tickets sales as a result of a gradual recovery of the travel industries with increasing rate of vaccination and relaxation of travel restrictions worldwide.

Travel business process management

The revenue from travel business process management segment increased by approximately HK\$8.5 million or approximately 82.5%, from approximately HK\$10.3 million for the six months ended 30 June 2021, to approximately HK\$18.8 million for the six months ended 30 June 2022. Such increase in revenue was mainly due to an increase in transaction volume of travel business process management services, which was in turn attributable to the gradual recovery of the travel industries with increasing rate of vaccination worldwide.

Other business process management

The revenue from other business process management segment was approximately HK\$2.3 million for the six months ended 30 June 2022. No revenue was recorded from this segment for the six months ended 30 June 2021, as this segment was only developed in the second half of 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

Travel products and services

No revenue from travel products and services segment was generated for the six months ended 30 June 2022, as the Group had temporarily suspended the provision of package tours due to the COVID-19 pandemic and travel restrictions across the world. There was only minimal segment revenue recorded for the six months ended 30 June 2021.

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			
	2022		2021	
	Gross profit HK\$'000 (Unaudited)	Gross profit margin % (Unaudited)	Gross profit HK\$'000 (Unaudited)	Gross profit margin % (Unaudited)
Air ticket distribution	2,767	51.2	406	13.6
Travel business process management	9,440	50.1	3,954	38.5
Other business process management	419	18.1	—	—
Travel products and services	—	—	5	100
Total	12,626	47.5	4,365	32.9

The gross profit of the Group increased by approximately HK\$8.2 million or approximately 186.4%, from approximately HK\$4.4 million for the six months ended 30 June 2021 to approximately HK\$12.6 million for the six months ended 30 June 2022, primarily attributable to the increase in revenue and overall gross profit margin of the Group.

The overall gross profit margin of the Group increased by approximately 14.6 percentage points, from approximately 32.9% for the six months ended 30 June 2021 to approximately 47.5% for the six months ended 30 June 2022, which was primarily attributable to the increase in the gross profit margin in the travel business process management segment, and the air ticket distribution segment.

Air ticket distribution

The gross profit attributable to the air ticket distribution segment increased by approximately HK\$2.4 million or approximately 600.0%, from approximately HK\$0.4 million for the six months ended 30 June 2021 to approximately HK\$2.8 million for the six months ended 30 June 2022, which was in line with the increase in the transaction volume of air tickets sales and the corresponding increase in gross sales proceeds as a result of a gradual recovery of the travel industries with increasing rate of vaccination and relaxation of travel restrictions worldwide. The gross profit margin for the air ticket distribution segment increased by approximately 37.6 percentage points from approximately 13.6% for the six months ended 30 June 2021 to approximately 51.2% for the six months ended 30 June 2022, which was primarily attributable to a greater proportional increase in segment revenue than segment cost of sales.

MANAGEMENT DISCUSSION AND ANALYSIS

Travel business process management

The gross profit attributable to the travel business process management segment increased by approximately HK\$5.4 million or approximately 135.0%, from approximately HK\$4.0 million for the six months ended 30 June 2021 to approximately HK\$9.4 million for the six months ended 30 June 2022, which was in line with the increase in revenue of the travel business process management segment. The gross profit margin for the travel business process management segment increased by approximately 11.6 percentage points from approximately 38.5% for the six months ended 30 June 2021 to approximately 50.1% for the six months ended 30 June 2022, which was mainly due to the increase in revenue generated from transaction processing service which generally has higher gross profit margin.

Other business process management

The gross profit attributable to other business process management segment for the six months ended 30 June 2022 was approximately HK\$0.4 million, with a gross profit margin of approximately 18.1%. The lower segment gross profit margin as compared to the travel business process management segment was mainly due to (i) the fact that the business process management services provided were mainly customer contact services and administrative services, which involved higher labour cost; and (ii) lower markup for the development of a relatively new business segment.

Travel products and services

There was no gross profit attributable to travel products and services segment for the six months ended 30 June 2022, as no segment revenue was recognised as a result of the Group's temporary 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\$8.1 million or approximately 83.5% from approximately HK\$9.7 million for the six months ended 30 June 2021 to approximately HK\$1.6 million for the six months ended 30 June 2022, 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\$2.0 million or approximately 52.6%, from approximately HK\$3.8 million for the six months ended 30 June 2021 to approximately HK\$1.8 million for the six months ended 30 June 2022, which was mainly due to closure of the Group's retail branches in Canada under its travel products and services segment.



MANAGEMENT DISCUSSION AND ANALYSIS

Administrative expenses

The administrative expenses slightly increased by approximately HK\$0.1 million or approximately 0.5%, from approximately HK\$21.2 million for the six months ended 30 June 2021 to approximately HK\$21.3 million for the six months ended 30 June 2022, which was mainly due to the operation of the Group's headquarters in Hong Kong which was only set up in the second half of 2021.

Expected credit losses ("ECLs") allowance on financial assets

The ECLs allowance on financial assets decreased by approximately HK\$22.7 million or approximately 87.6% from approximately HK\$25.9 million for the six months ended 30 June 2021 to approximately HK\$3.2 million for the six months ended 30 June 2022. Such decrease was primarily attributable to the fact that, as compared to the corresponding period in 2021, the balance of trade and other receivables that was subject to additional ECLs allowance was lower for the six months ended 30 June 2022, such that a lower amount of additional ECLs allowance had been made for the period under review.

Loss for the period

The Group's loss for the period decreased by approximately HK\$19.7 million or approximately 59.5%, from the loss of approximately HK\$33.1 million for the six months ended 30 June 2021 to the loss of approximately HK\$13.4 million for the six months ended 30 June 2022. Such decrease in loss for the period was mainly attributable to the following:

- the increase in the Group's gross profit by approximately HK\$8.2 million or approximately 186.4%, from approximately HK\$4.4 million for the six months ended 30 June 2021 to approximately HK\$12.6 million for the six months ended 30 June 2022 as discussed in the paragraph headed "Gross profit and gross profit margin" above; and
- a decrease in ECLs allowance on financial assets by approximately HK\$22.7 million or approximately 87.6% from approximately HK\$25.9 million for the six months ended 30 June 2021 to approximately HK\$3.2 million for the six months ended 30 June 2022 as discussed in the paragraph headed "ECLs allowance on financial assets" above;

partially offset by the following:

- the decrease in other income by approximately HK\$8.1 million or approximately 83.5%, from approximately HK\$9.7 million for the six months ended 30 June 2021 to approximately HK\$1.6 million for the six months ended 30 June 2022 as discussed in the paragraph headed "Other income" above.

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

During the six months ended 30 June 2022, 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 used in operating activities was approximately HK\$6.6 million for the six months ended 30 June 2022, as compared to the net cash generated from operating activities of approximately HK\$3.4 million for the six months ended 30 June 2021. Such turnaround was primarily due to the Group's settlement of trade payables during the six months ended 30 June 2022, partially offset by the settlement of trade receivables by the Group's customers during the same period. Net cash generated from investing activities was approximately HK\$1.2 million for the six months ended 30 June 2022, as compared to the net cash generated from investing activities of approximately HK\$5.9 million for the six months ended 30 June 2021. Net cash used in financing activities for the six months ended 30 June 2022 was approximately HK\$0.8 million, as compared to the net cash generated from financing activities of approximately HK\$0.5 million for the six months ended 30 June 2021.

As at 30 June 2022, the Group's cash and cash equivalents amounted to approximately HK\$41.7 million, representing a decrease of approximately 14.4% from approximately HK\$48.7 million as at 31 December 2021.

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 increased by approximately 1.8% from approximately 6.4% as at 31 December 2021 to approximately 8.2% as at 30 June 2022. 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

As at 30 June 2022, the Group had net current liabilities of approximately HK\$3.0 million as compared to the net current assets of approximately HK\$6.8 million as at 31 December 2021. Such turnaround was primarily attributable to the Group's net cash outflow for the six months ended 30 June 2022 as discussed above, and the additional ECLs allowance on financial assets recognised by the Group for the six months ended 30 June 2022.

Borrowings

As at 30 June 2022, 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 (31 December 2021: HK\$4.2 million), which were denominated in Canadian dollars. The Directors expect that all such borrowings will either be repaid by internally generated funds or will continue to provide funding to the Group's operations.

Treasury policies

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



MANAGEMENT DISCUSSION AND ANALYSIS



EVENTS AFTER THE REPORTING PERIOD

On 4 August 2022, a wholly-owned subsidiary of the Company, CTEH Ventures Limited (the “**Vendor**”), entered into a sale and purchase agreement (the “**Agreement**”) with Ms. Chan Suk Hang Stella, a third party independent of the Company and its connected persons (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”)), to sell the Vendor’s entire equity interest in the joint venture, Triplabs (BVI) Limited, at a consideration of approximately HK\$9.23 million (the “**Disposal**”). Pursuant to the terms of the Agreement, completion of the Disposal had taken place immediately after the signing of the Agreement on 4 August 2022. The Vendor has ceased to hold any interest in the joint venture and the joint venture has ceased to be accounted as a joint venture of the Group upon completion of the Disposal. For details, please refer to the announcement of the Company dated 4 August 2022.

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 functional currency. The Group’s policy requires the management to control the Group’s foreign exchange risk to an acceptable level by ensuring that the Group is able to obtain sufficient amount of United States dollar and Canadian dollar at acceptable exchange rate for meeting the payment obligations arising from business operations. A net foreign exchange loss of approximately HK\$6,000 was recorded for the six months ended 30 June 2022 and a net foreign exchange loss of approximately HK\$0.1 million was recorded for the six months ended 30 June 2021.

During the six months ended 30 June 2022, the Group did not engage in any derivatives activities and did not commit to any financial instruments to hedge its exposure to foreign currency risk.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2022, the Group had a total of 94 employees as compared to 143 employees as at 31 December 2021. The total staff costs incurred by the Group for the six months ended 30 June 2022 were approximately HK\$25.7 million as compared to approximately HK\$21.2 million for the six months ended 30 June 2021. The Group will regularly review its remuneration policy and the benefits to its employees with reference to market practice and the performance of individual employees. In addition, the Company has adopted a share option scheme on 7 May 2018 to attract and retain individuals with experience and ability and to reward them for their contributions. For details, please refer to the paragraph headed “Share option scheme” below.

MATERIAL ACQUISITIONS AND DISPOSALS AND SIGNIFICANT INVESTMENTS

During the six months ended 30 June 2022, no material acquisition and disposal of subsidiaries, associates or joint ventures, or significant investments were conducted by the Group. Please refer to the paragraph headed “Events after the reporting period” above for details of the Group’s disposal of a joint venture on 4 August 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

PLEDGE OF ASSETS

As at 30 June 2022, the Group had government bond issued by the Canadian government of approximately HK\$1.5 million (31 December 2021: HK\$1.5 million). The bond is held as a security pledge for the operating permits required under the Quebec Travel Agents Act by the Québec L'Office de la protection du consommateur. The interest rate for the bond is 1.8% with a maturity date of 21 March 2023.

CONTINGENT LIABILITIES

As at 30 June 2022, 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 2022.

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 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 (the “**Prospectus**”).

An analysis of the utilisation of the net proceeds from the listing date up to 30 June 2022 is set out below:

	Net proceeds from the share offer HK\$ million	Actual utilisation up to 30 June 2022 HK\$ million	Unutilised amounts as at 30 June 2022 HK\$ million	Expected year of full utilisation of remaining balance
Repayment of bank borrowings	21.5	21.5	—	—
Expansion of air ticket distribution business	13.4	1.0	12.4	2023
Upgrade the information technology infrastructure	6.7	4.8	1.9	2023
Expansion of 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	

MANAGEMENT DISCUSSION AND ANALYSIS



SHARE OPTION SCHEME

The Company has adopted a share option scheme on 7 May 2018 (the “**Share Option Scheme**”). The Share Option Scheme is designed to motivate eligible participants, including executives and key employees, who may make a contribution to the Group, and enables the Group to attract and retain individuals with experience and ability and to reward them for their contributions. Since the adoption of the Share Option Scheme and up to the date of this report, no share options had been granted, exercised, lapsed or cancelled under the Share Option Scheme. For the details of the Share Option Scheme, please refer to the Prospectus.

INTERIM DIVIDENDS

The Board resolved not to declare any payment of interim dividend for the six months ended 30 June 2022.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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 14 to the Listing Rules during the six months ended 30 June 2022 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. 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 chairperson of the Board 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.

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 10 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 2022 and thereafter up to the date of this report.

The Board has also adopted the Model Code as 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 established an audit committee on 7 May 2018 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and Code Provision D.3 of the CG Code as set out in Appendix 14 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. Fong Wai Bun Benny and Ms. Suen Yin Wah Chloe, with Ms. Kwan Ka Yee serving as the chairperson.



CORPORATE GOVERNANCE AND OTHER INFORMATION

REVIEW OF ACCOUNTS

The unaudited interim results and financial report of the Group for the six months ended 30 June 2022 have been reviewed by the audit committee and the audit committee is of the view that the interim results and financial report of the Group for the six months ended 30 June 2022 are prepared in accordance with applicable accounting standards, rules and regulations and appropriate disclosures have been duly made. The Company's auditor has also reviewed the interim financial information of the Group for the six months ended 30 June 2022 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 Standards Board.

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

(i) Long Positions in the Company's Shares

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

Notes:

- (1) All interests stated are long positions.
- (2) Tomorrow Education Technology Limited 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 Holding Limited and Mr. Liu are deemed to be interested in the shares of the Company held by Tomorrow Education Technology Limited.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

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

Notes:

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

Save as disclosed above, as at 30 June 2022, none of the Directors and chief executive of the Company had any other interests or short positions in any shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which were required pursuant to Section 352 of the SFO, to be entered in the register of members of the Company or which were required to be notified to the Company and the Stock Exchange, pursuant to the Model Code.

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

As at 30 June 2022, the interest and short positions of the persons in the shares and underlying shares of the Company which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO or required to be recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

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

Notes:

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

CORPORATE GOVERNANCE AND OTHER INFORMATION



Save as disclosed above, as at 30 June 2022, the Company had not been notified by any persons who had interests or short positions in the shares, underlying shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required, pursuant to Section 336 of the SFO, to be recorded in the register referred to therein.

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

During the six months ended 30 June 2022 and up to the date of this report, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

COMPETING BUSINESS

During the six months ended 30 June 2022 and up to the date of this report, none of the Directors and their respective associates had any interests in a business, apart from the business of the Group, which competes or may compete with the business of the Group or has any other conflict of interest with the Group which would be required to be disclosed under rule 8.10 of the Listing Rules.

REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS



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

INTRODUCTION

We have reviewed the condensed consolidated interim financial statements set out on pages 19 to 40, which comprise the condensed consolidated statement of financial position of Cinese International Group Holdings Limited (formerly known as CTEH Inc.) (the “Company”) and its subsidiaries (collectively referred to as the “Group”) as of 30 June 2022 and the related condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial statements to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”) issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of the condensed consolidated interim financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on the condensed consolidated interim financial statements based on our review. This report is made solely to you, as a body, in accordance with our agreed terms of 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.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410 (“ISRE 2410”) “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by International Audit and Assurance Standards Board. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

OTHER MATTER

The comparatives in the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six-month period ended 30 June 2022, and the related explanatory notes have not been reviewed in accordance with ISRE 2410 or audited.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with IAS 34.

BDO Limited

Certified Public Accountants

Ng Wai Man

Practising Certificate No. P05309

Hong Kong, 31 August 2022

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.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2022

	Notes	Six months ended 30 June	
		2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Revenue	4	26,574	13,268
Cost of sales	6	(13,948)	(8,903)
Gross profit		12,626	4,365
Other income	5	1,649	9,656
Other (losses)/gains, net	5	(6)	30
Expected credit losses (“ECLs”) allowance on financial assets	22	(3,230)	(25,871)
Selling expenses	6	(1,813)	(3,828)
Administrative expenses	6	(21,267)	(21,169)
Operating loss		(12,041)	(36,817)
Finance income		—	14
Finance costs		(146)	(137)
Finance costs, net	7	(146)	(123)
Share of net losses of joint venture		(341)	(59)
Loss before income tax		(12,528)	(36,999)
Income tax (expense)/credit	8	(898)	3,913
Loss for the period attributable to owners of the Company		(13,426)	(33,086)
Other comprehensive (loss)/income			
<i>Item that may be subsequently reclassified to profit or loss:</i>			
– Currency translation differences		(351)	1,344
<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		(55)	—
Other comprehensive (loss)/income for the period		(406)	1,344
Total comprehensive loss for the period attributable to owners of the Company		(13,832)	(31,742)
Basic and diluted losses per share (HK cents)	10	(1.1)	(2.8)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Notes	As at 30 June 2022 HK\$'000 (Unaudited)	As at 31 December 2021 HK\$'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	11	2,050	4,168
Intangible assets	11	151	438
Right-of-use assets	20	4,004	3,248
Interests in joint venture		9,059	9,400
Financial asset at fair value through profit or loss ("FVTPL")	14	—	1,521
Financial asset at fair value through other comprehensive income ("FVTOCI")	14	3,099	3,185
Deferred income tax assets		42,380	43,221
		60,743	65,181
Current assets			
Trade receivables	12	3,208	11,345
Prepayments, deposits and other receivables	13	30,143	27,504
Financial asset at FVTPL	14	1,505	—
Income tax recoverable		1,088	2,645
Cash and cash equivalents		41,717	48,749
		77,661	90,243
Total assets		138,404	155,424
EQUITY			
Equity attributable to the owners of the Company			
Share capital	15	120	120
Share premium		88,248	88,248
Other reserve		(41,256)	(41,256)
Financial asset at FVTOCI reserve		(18)	37
Exchange reserve		8,166	8,517
(Accumulated losses)/Retained earnings		(4,569)	8,857
Total equity		50,691	64,523

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Notes	As at 30 June 2022 HK\$'000 (Unaudited)	As at 31 December 2021 HK\$'000 (Audited)
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		—	296
Lease liabilities		3,239	3,027
Loan from government		3,845	4,160
		7,084	7,483
Current liabilities			
Trade payables	16	132	11,432
Accruals and other payables	17	64,474	56,524
Contract liabilities		103	415
Lease liabilities		1,994	1,456
Loan from government		335	—
Income taxes payable		13,591	13,591
		80,629	83,418
Total liabilities		87,713	90,901
Total equity and liabilities		138,404	155,424

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

	Attributable to owners of the Company						
	Share capital HK\$'000 (Note 15)	Share premium HK\$'000	Other reserve HK\$'000	Financial asset at FVTOCI reserve HK\$'000	Exchange reserve HK\$'000	(Accumulated losses)/ Retained earnings HK\$'000	Total HK\$'000
Balance at 1 January 2022	120	88,248	(41,256)	37	8,517	8,857	64,523
Comprehensive income							
Loss for the period	—	—	—	—	—	(13,426)	(13,426)
Other comprehensive income							
Currency translation differences	—	—	—	—	(351)	—	(351)
Change in fair value of equity instrument at FVTOCI	—	—	—	(55)	—	—	(55)
Total comprehensive loss for the period	—	—	—	(55)	(351)	(13,426)	(13,832)
Balance at 30 June 2022 (unaudited)	120	88,248	(41,256)	(18)	8,166	(4,569)	50,691
Balance at 1 January 2021	120	88,248	(41,256)	668	7,601	58,484	113,865
Comprehensive income							
Loss for the period	—	—	—	—	—	(33,086)	(33,086)
Other comprehensive income							
Currency translation differences	—	—	—	—	1,344	—	1,344
Total comprehensive loss for the period	—	—	—	—	1,344	(33,086)	(31,742)
Balance at 30 June 2021 (unaudited)	120	88,248	(41,256)	668	8,945	25,398	82,123

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Cash flows from operating activities		
Cash (used in)/generated from operations	(7,778)	3,534
Interest paid on lease liabilities	(85)	(90)
Income tax refunded	1,223	—
Net cash (used in)/generated from operating activities	(6,640)	3,444
Cash flows from investing activities		
Purchase of property, plant and equipment	(75)	(153)
Proceeds from disposal of property, plant and equipment	1,229	—
Proceeds from disposal of financial assets at FVTPL — listed equity securities	—	6,011
Dividends received from listed equity securities	—	7
Interest received	—	14
Net cash generated from investing activities	1,154	5,879
Cash flows from financing activities		
Proceeds of loan from government	—	1,557
Repayment of principal portion of lease liabilities	(792)	(1,083)
Net cash (used in)/generated from financing activities	(792)	474
Net (decrease)/increase in cash and cash equivalents	(6,278)	9,797
Cash and cash equivalents at beginning of the period	48,749	30,095
Effect of currency translation differences	(754)	758
Cash and cash equivalents at end of the period	41,717	40,650

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1 GENERAL INFORMATION

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

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

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

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

2 BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2022 (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 report should be read in conjunction with the annual financial statements for the year ended 31 December 2021 (“**2021 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.

During the period, the Group incurred a loss of approximately HK\$13,426,000 and at the end of reporting period, the Group had net current liabilities of approximately HK\$2,968,000. 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 gradual recovery of international travel, particularly North America, and related businesses following the ease of COVID-19 pandemic; and
- (b) The unutilised banking facilities totalling HK\$10,263,000, 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 condensed consolidated interim financial statements on a going concern basis.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted are consistent with those of the 2021 annual report 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 2022 for the preparation of the Interim Financial Statements.

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

The adoption of 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 2021 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 four lines of business the Group operates during the six months ended 30 June 2022. 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 CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

4 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, unallocated other income, other (losses)/gains, net, ECLs allowance on financial assets, share of net losses of joint venture, finance costs, net and income tax (expense)/credit 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 2022 (Unaudited)					Total HK\$'000
	Air ticket distribution	Travel business process management	Travel products and services	Other business process management		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
Revenue from external customers	5,405	18,849	—	2,320		26,574
Timing of revenue recognition						
At a point in time	5,405	18,849	—	—		24,254
Over time	—	—	—	2,320		2,320
Segment results	1,358	4,936	—	266		6,560
Other income						1,649
Other losses, net						(6)
ECLs allowance on financial assets						(3,230)
Employee benefit expenses (including directors' emoluments)						(8,170)
Depreciation and amortisation						(615)
Depreciation of right-of-use assets						(347)
Legal and professional fees						(1,144)
Other administrative expenses						(6,738)
Finance costs, net						(146)
Share of net losses of joint venture						(341)
Loss before income tax						(12,528)
Income tax expense						(898)
Loss for the period						(13,426)
Other segment items:						
Depreciation and amortisation	88	534	—	35		657
Capital expenditure	8	32	—	18		58
Depreciation of right-of-use assets	60	368	—	24		452

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

4 REVENUE AND SEGMENT INFORMATION (CONTINUED)

	Six months ended 30 June 2021 (Unaudited)				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	2,989	10,274	5	—	13,268
Timing of revenue recognition					
At a point in time	2,989	10,274	5	—	13,268
Segment results	32	5,133	3	—	5,168
Other income					830
Other gains, net					30
ECLs allowance on financial assets					(25,871)
Employee benefit expenses (including directors' emoluments)					(8,131)
Depreciation and amortisation					(543)
Depreciation of right-of-use assets					(300)
Legal and professional fees					(4,210)
Other administrative expenses					(3,790)
Finance costs, net					(123)
Share of net losses of joint venture					(59)
Loss before income tax					(36,999)
Income tax credit					3,913
Loss for the period					(33,086)
Other segment items:					
Depreciation and amortisation	543	974	—	—	1,517
Capital expenditure	38	71	—	—	109
Depreciation of right-of-use assets	294	531	—	—	825

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

4 REVENUE AND SEGMENT INFORMATION (CONTINUED)

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

	Six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Company A - travel business process management segment	10,861	5,428
Company B - travel business process management segment	4,292	3,265

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:

	Six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Canada	26,414	13,013
United States	160	255
	26,574	13,268

5 OTHER INCOME AND OTHER (LOSSES)/GAINS, NET

	Six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Other income		
Subsidies (Note)	24	9,649
Dividends income	—	7
Compensation income	1,625	—
	1,649	9,656
Other (losses)/gains, net		
Foreign exchange loss	(6)	(149)
Gain on disposal of financial assets at FVTPL	—	179
	(6)	30

Note: For the six months ended 30 June 2021, it mainly represented grants received in relation to wage subsidies from Canada Emergency Wage Subsidy Program. For the six months ended 30 June 2022, it represented grants received in relation to wage subsidies from Employment Support Scheme ("ESS") under the Anti-epidemic Fund launched by the Hong Kong SAR Government. There are no unfulfilled conditions or contingencies relating to these grants.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

6 EXPENSES BY NATURE

	Six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Employee benefit expenses (including directors' emoluments)	25,667	21,169
Office, telecommunication and utility expenses	2,073	1,842
Depreciation of right-of-use assets (Note 20)	799	1,125
Short-term leases expenses	844	—
Advertising and promotion	—	4
Credit card fees	17	13
Auditor's remuneration		
– Audit service	790	750
– Non-audit service	467	342
Depreciation of property, plant and equipment (Note 11)	987	1,021
Amortisation of intangible assets (Note 11)	285	1,039
Legal and professional fees	1,144	4,210
Service fees	2,672	681
Others	1,283	1,704
Total cost of sales, selling and administrative expenses	37,028	33,900

7 FINANCE COSTS, NET

	Six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Finance income		
– Interest income	—	14
Finance costs		
– Interest expense on lease liabilities	(85)	(90)
– Imputed interest expense on loan from government	(61)	(47)
	(146)	(137)
Finance costs, net	(146)	(123)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

8 INCOME TAX (EXPENSE)/CREDIT

Canadian corporate income tax has been provided at the rate of 26.5% for the six months ended 30 June 2022 (2021: 26.5%) on the Group's respective taxable income. United States federal income tax has been provided at the rate of 21% for the six months ended 30 June 2022 (2021: 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 2022 (2021: 11.8%).

	Six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Current income tax		
– Canadian corporate income tax	(328)	—
Deferred income tax	(570)	3,913
Income tax (expense)/credit	(898)	3,913

9 DIVIDENDS

The Board does not recommend the payment of any dividend for the six months ended 30 June 2022 (Six months ended 30 June 2021: Nil).

10 LOSSES PER SHARE

Basic losses 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.

	Six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
Loss attributable to owners of the Company (HK\$'000)	(13,426)	(33,086)
Weighted average number of ordinary shares in issue (Number of shares in thousand)	1,200,000	1,200,000
Basic and diluted losses per share (HK cents)	(1.1)	(2.8)

Diluted losses per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. Potential ordinary shares are dilutive when, and only when, their conversion to ordinary shares would decrease earnings per share or increase losses per share. During the six months ended 30 June 2022 and 2021, the Group has no dilutive potential ordinary shares.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

11 CAPITAL EXPENDITURE

	Property, plant and equipment HK\$000	Intangible assets HK\$000
Six months ended 30 June 2022 (Unaudited)		
Opening net book amounts as at 1 January 2022	4,168	438
Additions	75	—
Disposal	(1,229)	—
Depreciation/amortisation (Note 6)	(987)	(285)
Exchange differences	23	(2)
Closing net book amounts as at 30 June 2022	2,050	151
Six months ended 30 June 2021 (Unaudited)		
Opening net book amounts as at 1 January 2021	3,940	2,027
Additions	153	—
Depreciation/amortisation (Note 6)	(1,021)	(1,039)
Exchange differences	127	61
Closing net book amounts as at 30 June 2021	3,199	1,049

12 TRADE RECEIVABLES

	As at 30 June 2022 HK\$'000 (Unaudited)	As at 31 December 2021 HK\$'000 (Audited)
Incentive commission receivables	2,191	1,923
Less: ECLs allowance	(514)	(535)
	1,677	1,388
Other business process management income receivables	—	8,058
Less: ECLs allowance	—	(208)
	—	7,850
Other trade receivables	1,590	2,187
Less: ECLs allowance	(59)	(80)
	1,531	2,107
	3,208	11,345

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

12 TRADE RECEIVABLES (CONTINUED)

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

	As at 30 June 2022 HK\$'000 (Unaudited)	As at 31 December 2021 HK\$'000 (Audited)
0 to 60 days	2,132	8,067
Over 60 days	1,076	3,278
	3,208	11,345

13 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 30 June 2022 HK\$'000 (Unaudited)	As at 31 December 2021 HK\$'000 (Audited)
Rental and other deposits	479	1,301
Prepaid expenses	1,195	1,232
Prepaid tour and air ticket costs	1,759	1,777
Receivables from travel companies for ticket costs	119,923	112,712
Other receivables	221	470
	123,577	117,492
Less: ECLs allowance	(93,434)	(89,988)
	30,143	27,504

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

14 FINANCIAL ASSET AT FVTPL/FVTOCI

		As at 30 June 2022 HK\$'000 (Unaudited)	As at 31 December 2021 HK\$'000 (Audited)
Non-current assets			
<i>Financial asset at FVTPL</i>			
<i>Government Bond</i>	(i)	—	1,521
<i>Financial asset at FVTOCI</i>			
<i>Unlisted equity investments</i>	(ii)	3,099	3,185
Current assets			
<i>Financial asset at FVTPL</i>			
<i>Government Bond</i>	(i)	1,505	—
		1,505	—

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 as at both 30 June 2022 and 31 December 2021 (equivalent to approximately HK\$1,505,000 as at 30 June 2022 and approximately HK\$1,521,000 as at 31 December 2021). The interest rate for the bond is 1.8% with a maturity date of 21 March 2023.

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% (2021: 1.5%) of the equity interests and it is held for long term strategic gains and not for trading. The fair value of the unlisted equity instrument is a level 3 recurring fair value measurement. The fair value is measured with market approach. Fair value loss on the unlisted equity instrument of HK\$55,000 was recognised in other comprehensive income for the six months ended 30 June 2022 (2021: Nil).

15 SHARE CAPITAL

	Number of ordinary shares ('000)	Nominal value of ordinary shares HK\$'000
Authorised:		
Ordinary shares of HK\$0.0001 each		
As at 1 January 2021, 31 December 2021 (audited) and 30 June 2022 (unaudited)	90,000,000	9,000
Issued and fully paid:		
Ordinary shares of HK\$0.0001 each		
As at 1 January 2021, 31 December 2021 (audited) and 30 June 2022 (unaudited)	1,200,000	120

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

16 TRADE PAYABLES

As at 30 June 2022 and 31 December 2021, the aging analysis of trade payables based on invoice date are as follows:

	As at 30 June 2022 HK\$'000 (Unaudited)	As at 31 December 2021 HK\$'000 (Audited)
0 to 30 days	132	4,170
31 to 60 days	—	4,386
Over 60 days	—	2,876
	132	11,432

17 ACCRUALS AND OTHER PAYABLES

	As at 30 June 2022 HK\$'000 (Unaudited)	As at 31 December 2021 HK\$'000 (Audited)
Accrued staff costs and management fees	921	1,004
Accrued expenses	7,405	7,400
Payables to airlines	10,895	12,311
Receipt in advance from a customer in relation to travel business process management	36,878	27,821
Sales tax payable	890	662
Payables to travel companies	1,730	1,698
Other payables	5,755	5,628
	64,474	56,524

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

18 BANKING FACILITIES

As at 30 June 2022, the Group has banking facilities available in the form of letters of guarantee of HK\$15,378,000 (2021: HK\$15,378,000) in which HK\$5,115,000 (2021: HK\$5,134,000) was utilised and secured by a Canadian Crown corporation, an enterprise wholly owned by the Government of Canada.

The Group was in compliance with all banking covenants as at 30 June 2022 and 31 December 2021.

19 CONTINGENT LIABILITIES

From time to time, the Group may be subject 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.

20 RIGHT-OF-USE ASSETS

The addition on right-of-use assets for the six months ended 30 June 2022 was approximately HK\$1,588,000 (31 December 2021: HK\$1,351,000).

The depreciation on right-of-use assets for the six months ended 30 June 2022 was approximately HK\$799,000 (31 December 2021: HK\$1,125,000).

21 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 with the Group during each of the six months ended 30 June 2022 and 30 June 2021.

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

* Note: Resigned with effective from 19 July 2021.

[#] Note: Appointed with effective from 19 July 2021.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

21 RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Transactions with key management personnel

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

	Six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Repayment of lease liabilities of office premise (Note (i))	—	747

Notes:

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

(b) Key management compensation

Key management compensation, including fees, salaries, allowances and benefits, amounted to HK\$1,850,000 for the six months ended 30 June 2022 (30 June 2021: HK\$3,195,000).

22 CREDIT RISK MANAGEMENT

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

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

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

As at 30 June 2022 and 31 December 2021, the Group measures ECLs allowance for trade receivables and receivables from travel companies for ticket costs, at an amount equal to lifetime ECLs, which is calculated using a provision matrix with reference to the aging of the receivable balances. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments and different travel companies, the ECLs allowance based on past due status is not further distinguished between the Group's different debtor bases. In view of the difference in the way in which COVID-19 pandemic impacted exposure to different debtor groups, loss rates are calculated separately for exposures in different segments.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

22 CREDIT RISK MANAGEMENT (CONTINUED)

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.

The following tables provide 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 30 June 2022 and 31 December 2021:

30 June 2022 (Unaudited)	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 (%)	7.7%	25.2%	88.0%	100%	100%	76.0%
Gross carrying amount (HK\$'000)	22,459	10,830	7,320	24,988	58,107	123,704
ECLs allowance (HK\$'000)	1,732	2,727	6,444	24,988	58,107	93,998

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

In respect of other receivables (excluding receivables from travel companies for ticket costs), the Group considered that the credit risk is low, and the ECLs allowance recognised during the period was therefore limited to 12 months ECLs. The allowance under ECLs was determined for other receivables (excluding receivables from travel companies for ticket costs), as at 30 June 2022 and 31 December 2021 as follows:

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Expected loss rate (%)	1.3%	1.0%
Gross carrying amount (HK\$'000)	700	1,771
ECLs allowance (HK\$'000)	9	18

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

22 CREDIT RISK MANAGEMENT (CONTINUED)

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

	Lifetime ECLs		12-month ECLs	
	Trade receivables HK\$'000	Receivables from travel companies for ticket costs HK\$'000	Other receivables HK\$'000	Total HK\$'000
Balance at 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 (Audited)	823	89,970	18	90,811
ECLs allowance recognised during the period	(245)	3,484	(9)	3,230
Exchange differences	(5)	(29)	—	(34)
Balance at 30 June 2022 (Unaudited)	573	93,425	9	94,007

For financial asset measured at FVTPL and financial asset measured at FVTOCI, management is of the opinion that the credit risk is low due to the management closely monitors 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 83% and 82% of the Group's trade receivables were due from the Group's three largest customers as at 30 June 2022 and 31 December 2021 respectively.

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

23 FAIR VALUE MEASUREMENTS

The table below analyses the Group's financial instruments carried at fair value as at 30 June 2022 and 31 December 2021, by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

23 FAIR VALUE MEASUREMENTS (CONTINUED)

The following table presents the Group's assets that are measured at fair value as at 30 June 2022 and 31 December 2021.

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
As at 30 June 2022 (Unaudited)				
Assets				
Financial assets at FVTPL (note (a))	1,505	—	—	1,505
Financial asset at FVOCI (note (b))	—	—	3,099	3,099
	1,505	—	3,099	4,604
As at 31 December 2021 (Audited)				
Assets				
Financial assets at FVTPL (note (a))	1,521	—	—	1,521
Financial asset at FVOCI (note (b))	—	—	3,185	3,185
	1,521	—	3,185	4,706

Notes:

- (a) As at 30 June 2022 and 31 December 2021, the financial asset at FVTPL represents a government bond issued by the Canadian government, with a maturity date of 21 March 2023 (Note 14). 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 FVOCI represents an unlisted equity securities investment (Note 14). The methods and valuation techniques used for the purpose of measuring fair value are market approach. The fair value is determined with reference to recent transaction prices derived from buy-sale transactions of equity securities of the investee company occurred.

Increased transaction prices by 5% would increase the fair value of financial asset at FVOCI by approximately HK\$155,000 (2021: HK\$159,000) whilst decreased transaction prices by 5% would decrease the fair value of the financial asset at FVOCI by approximately HK\$155,000 (2021: HK\$159,000).

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

23 FAIR VALUE MEASUREMENTS (CONTINUED)

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

	As at 30 June 2022 HK\$'000 (Unaudited)	As at 31 December 2021 HK\$'000 (Audited)
At the beginning of period/year	3,185	3,774
Fair value change recognised in other comprehensive income	(55)	(631)
Exchange difference	(31)	42
At the end of period/year	3,099	3,185

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

24 EVENT AFTER THE REPORTING PERIOD

On 4 August 2022, a wholly-owned subsidiary of the Company, CTEH Ventures Limited (the "Vendor"), entered into the sale and purchase agreement (the "**Agreement**") with Ms. Chan Suk Hang Stella (the "Purchaser"), a third party independent of the Company and its connected persons (as defined in the Listing Rules), to sell the Vendor's entire equity interest in the joint venture, Triplabs (BVI) Limited, at a consideration of approximately HK\$9.23 million (the "**Disposal**"). Pursuant to the terms of the Agreement, completion of the Disposal had taken place immediately after the signing of the Agreement on 4 August 2022. Then the Vendor has ceased to hold any interest in the joint venture and the joint venture has ceased to be accounted as a joint venture of the Group upon completion.

25 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 the remainder of 2022. However, the exact impact in the remainder of 2022 and thereafter cannot be predicted.