The following is the text of a report, prepared for inclusion in this document, received from the independent reporting accountants, HLB Hodgson Impey Cheng Limited, Certified Public Accountants, Hong Kong.

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

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11 Pedder Street
Central
Hong Kong

13 September 2019

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF THE COMPANY AND LEGO CORPORATE FINANCE LIMITED

Introduction

We report on the historical financial information of Ying Hai Group Holdings Company Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**"), which comprises the statement of financial position of the Company at 31 December 2018 and at 30 April 2019 and the consolidated statements of financial position of the Group at 31 December 2017 and 2018 and at 30 April 2019, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for the years ended 31 December 2018 and 2019 and the four months ended 30 April 2019 (the "**Track Record Period**"), and a summary of significant accounting policies and other explanatory information (together, the "**Historical Financial Information**"). This Historical Financial Information set out on pages I-4 to I-79 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 13 September 2019 (the "**Prospectus**") in connection with the initial listing of shares of the Company on GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200, *Accountants' Report on Historical Financial Information in*

Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosure in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Group's financial position as at 31 December 2017 and 2018 and 30 April 2019, of the Company's financial position as at 31 December 2018 and 30 April 2019 and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation as set out in Note 2 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the four months ended 30 April 2018 and other explanatory information (the "**Stub Period Comparative Financial Information**"). The directors of the Company are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review 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 Hong Kong 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. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on GEM of the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to Note 14 to the Historical Financial Information which contain information about the dividends declared by the Group in respect of the Track Record Period.

No statutory financial statements for the Company

No statutory financial statements have been prepared for the Company since its date of incorporation.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants
Shek Lui
Practising Certificate Number: P05895
Hong Kong, 13 September 2019

I. HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The Historical Financial Information in this report was prepared based on the consolidated financial statements of the Group for the Track Record Period, which have been prepared in accordance with the accounting policies which conform with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"), were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA (collectively known as "**Underlying Financial Statements**")

The Historical Financial Information is presented in Hong Kong dollar ("**HK$**") and all values are rounded to the nearest thousand (HK$'000) unless otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Years ended 31 December		Four months ended 30 April	
		2017	**2018**	**2018**	**2019**
	Notes	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Revenue	7	117,628	165,662	53,265	62,157
Cost of sales		(90,848)	(130,974)	(41,129)	(48,608)
Gross profit		26,780	34,688	12,136	13,549
Other gain and income	9	190	18	—	383
Administrative expenses		(6,067)	(10,005)	(3,028)	(4,888)
Listing expenses		—	(5,828)	—	(5,500)
Finance costs	10	(2)	(10)	(3)	(48)
Profit before tax	11	20,901	18,863	9,105	3,496
Income tax expenses	13	(2,665)	(2,587)	(1,194)	(603)
Profit for the year/period		18,236	16,276	7,911	2,893
Other comprehensive income/(loss)					
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of financial statements		194	(216)	145	70
Total comprehensive income for the year/period		18,430	16,060	8,056	2,963
Profit for the year/period attributable to:					
Owner of the Company		18,218	16,276	7,911	2,893
Non-controlling interests		18	—	—	—
		18,236	16,276	7,911	2,893
Total comprehensive income for the year/period attributable to:					
Owner of the Company		18,407	16,060	8,056	2,963
Non-controlling interests		23	—	—	—
		18,430	16,060	8,056	2,963

Details of dividends declared to owner of the Company are set out in Note 14 to the Historical Financial Information.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		At 31 December		At 30 April
		2017	**2018**	**2019**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*
Non-current assets				
Property, plant and equipment	16	6,668	17,573	15,706
Right-of-use assets	17	—	—	2,407
Non-current deposits paid	19	647	796	796
Deferred tax asset	18	—	56	11
		7,315	18,425	18,920
Current assets				
Trade receivables, deposits and prepayments	19	19,482	21,351	29,661
Amounts due from related companies	20	7,572	10,816	—
Amount due from a related party	20	15	—	—
Amount due from a director	20	6,254	2,849	1,945
Bank deposits with original maturity over three months	21	253	2,511	5,154
Cash and cash equivalents	22	5,898	10,553	14,291
		39,474	48,080	51,051
Current liabilities				
Trade and other payables	23	13,891	14,589	19,632
Lease liabilities	17	—	—	1,454
Amount due to a related company	20	—	2,844	—
Amount due to a director	20	—	147	147
Tax payables		2,700	2,968	3,372
Borrowings	24	484	—	1,440
		17,075	20,548	26,045
Net current assets		22,399	27,532	25,006
Total assets less current liabilities		29,714	45,957	43,926

		At 31 December		At 30 April
		2017	**2018**	**2019**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*
Non-current liabilities				
Lease liabilities	17	—	—	946
Borrowings	24	—	—	2,943
		—	—	3,889
Net assets		29,714	45,957	40,037
Capital and reserves				
Share capital	25	1,584	3,011	—
Reserves	26	28,130	42,946	40,037
Equity attributable to owner of the Company		29,714	45,957	40,037
Non-controlling interests	32	—	—	—
Total equity		29,714	45,957	40,037

STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Note	At 31 December 2018	At 30 April 2019
		HK$'000	*HK$'000*
Non-current asset			
Investments in subsidiaries		—	1
Current asset			
Amounts due from subsidiaries		—	14,791
Current liability			
Amount due to a subsidiary		—	14,440
Net current assets		—	351
Total assets less current liabilities		—	352
Net assets		—	352
Capital and reserve			
Share capital	25	—	—
Retained earnings		—	352
Total equity		—	352

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owner of the Company							
	Share capital	**Merger reserve**	**Statutory reserve**	**Translation reserve**	**Retained earnings**	**Sub-total**	**Non-controlling interests**	**Total equity**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
		(Note 26)	*(Note 26)*	*(Note 26)*				
At 1 January 2017	2,839	—	728	(64)	9,197	12,700	282	12,982
Profit for the year	—	—	—	—	18,218	18,218	18	18,236
Other comprehensive income:								
Exchange differences arising from translation of financial statements	—	—	—	189	—	189	5	194
Total comprehensive income for the year	—	—	—	189	18,218	18,407	23	18,430
Acquisition of additional interest in a subsidiary *(Note 27)*	—	—	—	—	(204)	(204)	(305)	(509)
Effect of reorganisation *(Note 27)*	(1,255)	—	—	66	—	(1,189)	—	(1,189)
Appropriation of reserve	—	—	31	—	(31)	—	—	—
At 31 December 2017	1,584	—	759	191	27,180	29,714	—	29,714
Application of HKFRS 9 *(Note 3)*	—	—	—	—	(370)	(370)	—	(370)
At 1 January 2018 (as restated)	1,584	—	759	191	26,810	29,344	—	29,344
Profit for the year	—	—	—	—	16,276	16,276	—	16,276
Other comprehensive loss:								
Exchange differences arising from translation of financial statements	—	—	—	(216)	—	(216)	—	(216)
Total comprehensive (loss)/income for the year	—	—	—	(216)	16,276	16,060	—	16,060
Capital injection into subsidiaries	1,427	—	—	—	—	1,427	—	1,427
Appropriation of reserve	—	—	42	—	(42)	—	—	—
Dividend declared *(Note 14)*	—	—	—	—	(874)	(874)	—	(874)
At 31 December 2018	3,011	—	801	(25)	42,170	45,957	—	45,957
Application of HKFRS 16 *(Note 3)*	—	—	—	—	8	8	—	8
At 1 January 2019 (as restated)	3,011	—	801	(25)	42,178	45,965	—	45,965

	Attributable to owner of the Company							
	Share capital	**Merger reserve**	**Statutory reserve**	**Translation reserve**	**Retained earnings**	**Sub-total**	**Non-controlling interests**	**Total equity**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
		(Note 26)	*(Note 26)*	*(Note 26)*				
Profit for the period	—	—	—	—	2,893	2,893	—	2,893
Other comprehensive income:								
Exchange differences arising from translation of financial statements	—	—	—	70	—	70	—	70
Total comprehensive income for the period	—	—	—	70	2,893	2,963	—	2,963
Effect of reorganisation *(Note 2)*	(3,011)	3,011	—	—	—	—	—	—
Dividend declared *(Note 14)*	—	—	—	—	(8,891)	(8,891)	—	(8,891)
At 30 April 2019	—	3,011	801	45	36,180	40,037	—	40,037
At 1 January 2018 (as restated)	1,584	—	759	191	26,810	29,344	—	29,344
Profit for the period	—	—	—	—	7,911	7,911	—	7,911
Other comprehensive income:								
Exchange differences arising from translation of financial statements	—	—	—	145	—	145	—	145
Total comprehensive income for the period	—	—	—	145	7,911	8,056	—	8,056
At 30 April 2018 (unaudited)	1,584	—	759	336	34,721	37,400	—	37,400

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Years ended 31 December		Four months ended 30 April	
		2017	2018	2018	2019
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)	
Cash flows from operating activities					
Profit before tax		20,901	18,863	9,105	3,496
Adjustments for:					
Finance costs	10	2	10	3	48
Impairment loss on trade receivables, net of reversal	11	—	47	—	—
Reversal of impairment loss on trade receivables, net of impairment	9	—	—	—	(367)
Reversal of impairment loss on amounts due from related companies, net of impairment	9	—	—	—	(4)
Reversal of impairment loss on amount due from a director, net of impairment	9	—	—	—	(2)
Loss on early repayment of unsecured loan	24	—	89	—	—
Loss on disposal of property, plant and equipment	11	—	50	—	75
Depreciation of property, plant and equipment	11	1,602	3,657	671	1,381
Depreciation of right-of-use assets	11	—	—	—	674
Government grant	31	(101)	—	—	—
Interest income	9	(3)	(9)	—	—
Operating cash flows before movements in working capital		22,401	22,707	9,779	5,301
(Increase)/decrease in trade receivables, deposits and prepayments		(11,896)	(2,477)	217	(8,060)
Increase in amount due from immediate holding company		—	—	—	(8,891)
(Increase)/decrease in amounts due from related companies		(2,191)	(3,538)	(3,600)	10,816
Decrease in amount due from a related party		—	15	—	—
(Increase)/decrease in amount due from a director		(7,952)	2,914	(7,373)	919
Increase in trade and other payables		2,190	2,736	9,970	5,046
Increase/(decrease) in amount due to a related company		—	2,844	2,844	(2,844)
(Decrease)/increase in amount due to a director		(2,166)	147	—	—

	Notes	Years ended 31 December 2017 HK$'000	Years ended 31 December 2018 HK$'000	Four months ended 30 April 2018 HK$'000 (unaudited)	Four months ended 30 April 2019 HK$'000
Cash generated from operations		386	25,348	11,837	2,287
Tax paid		(1,414)	(2,333)	(78)	(154)
Net cash (used in)/generated from operating activities		(1,028)	23,015	11,759	2,133
Cash flows from investing activities					
Deposits received for disposal of property, plant and equipment		2,961	—	—	—
Proceed from disposal of property, plant and equipment		—	1,527	—	981
Purchase of property, plant and equipment		(4,589)	(18,189)	(8,043)	(570)
Placement of bank deposits with original maturity over three months		(253)	(2,252)	—	(2,643)
Interest received		3	3	—	—
Net cash used in investing activities		(1,878)	(18,911)	(8,043)	(2,232)
Cash flows from financing activities					
Proceed from borrowings	24	583	—	—	4,500
Repayment of borrowings	24	—	(583)	—	(117)
Payment of lease liabilities		—	—	—	(545)
Interest paid		—	—	—	(49)
Capital injection into subsidiaries		—	1,427	—	—
Net cash generated from financing activities		583	844	—	3,789
Net (decrease)/increase in cash and cash equivalents		(2,323)	4,948	3,716	3,690
Cash and cash equivalents at the beginning of the year/period		8,035	5,898	5,898	10,553
Effect of foreign exchange rate changes		186	(293)	39	48
Cash and cash equivalents at the end of the year/period	22	5,898	10,553	9,653	14,291

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands on 18 December 2018 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of the Company's registered office is PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands. The principal place of business of the Company is Room 1201, 12th Floor, Dawning House, 145 Connaught Road Central, Hong Kong. The Company's immediate and ultimate holding company is Silver Esteem Limited, a company incorporated in the British Virgin Islands ("**BVI**") with limited liability.

The Company is an investment holding company and its subsidiaries are principally engaged in sales and distribution of air tickets and hotel rooms, sales and provision of ancillary travel-related products and services and provision of vehicle leasing and limousine services in Macau.

The functional currency of the Group is Macau Pataca ("**MOP**"). The Historical Financial Information is presented in HK$ for the convenience of the investors as the Company is seeking to list its shares on GEM of the Stock Exchange. All values are rounded to the nearest thousands (HK$'000), unless otherwise stated.

2. REORGANISATION AND BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information has been prepared based on the accounting policies set out in Note 4 which conform with HKFRSs issued by the HKICPA and the principles of merger accounting under Accounting Guideline 5, *Merger Accounting for Common Control Combinations* issued by the HKICPA.

Pursuant to the reorganisation carried out by the Group as fully explained in the paragraph headed "History, development and Reorganisation — Reorganisation" in this Prospectus (the "**Reorganisation**"), the Company becomes the holding company of the companies now comprising the Group on 8 March 2019. Immediately prior to and after the Reorganisation, the companies now comprising the Group was controlled by the Mr. Choi Wai Chan ("**Mr. Choi**"). The Reorganisation is merely a reorganisation of the Group with no change in management of such business and the ultimate owner of the business. Accordingly, the Historical Financial Information has been prepared by applying the principles of merger accounting as prescribed in Accounting Guideline 5, *Merger Accounting for Common Control Combinations* issued by the HKICPA, as if the Reorganisation had been completed at the beginning of the Track Record Period.

The consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Group for the Track Record Period include the results and cash flows of all companies now comprising the Group from the earliest date presented or since the date when the subsidiaries first came under the common control of the controlling shareholders, whichever is a shorter period. The consolidated statements of financial position of the Group at 31 December 2017 and 2018 and 30 April 2019 have been prepared to present the assets and liabilities of the subsidiaries using the existing carrying amounts of the principal business of the Group for all Track Record Period. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the Reorganisation.

All intra-group transactions and balances have been eliminated on combination in full.

Upon completion of the Reorganisation and at the date of this report, the Company had direct and indirect interests in the following subsidiaries:

Name of subsidiary	Country/place and date of incorporation	Class of shares held	Issued and fully paid share capital/ registered capital	Equity interest held at 31 December 2017	Equity interest held at 31 December 2018	at 30 April 2019	at the date of this report	Principal activities
				%	%	%	%	
Directly held:								
Endless Luck Global Limited *(i)*	BVI/ 9 October 2018	Ordinary	US$400	—	100.0	100.0	100.0	Investment holding
Indirectly held:								
Ample Coral Limited *(i)*	BVI/ 15 October 2018	Ordinary	US$1	—	100.0	100.0	100.0	Investment holding
Brilliant Town Limited *(i)*	BVI/ 10 October 2018	Ordinary	US$1	—	100.0	100.0	100.0	Investment holding
C U Macau Tourism Company Limited (formerly known as "C U Macau Company Limited") *(i)*	Macau/ 9 December 2016	Quota capital	MOP1,500,000	100.0	100.0	100.0	100.0	Provision of travel information
Max Rank Limited *(i)*	BVI/ 28 September 2018	Ordinary	US$1	—	100.0	100.0	100.0	Investment holding
Ying Hai Interurban Passenger Road Transport Company Limited *(i)*	Macau/ 5 October 2018	Quota capital	MOP5,000,000	—	100.0	100.0	100.0	Inactive
Ying Hai Rent-A-Car Service Company Limited	Hong Kong/ 29 November 2018	Ordinary	HK$100	—	100.0	100.0	100.0	Inactive
Ying Hai Rent-A-Car Service Company Limited (formerly known as "Win High Rent-A-Car Service Company Limited") *(i)*	Macau/ 19 May 2015	Quota capital	MOP100,000	100.0	100.0	100.0	100.0	Provision of car rental services
Ying Hai Tourism Company Limited (formerly known as "Ying Hai Entertainment Group Limited" and "Win High Entertainment Group Limited") *(ii)*	Hong Kong/ 20 May 2016	Ordinary	HK$1,000	99.9	99.9	100.0	100.0	Back office of the Group
Ying Hai Tourism Company Limited (formerly known as "Win High Tourism Limited") ("**Ying Hai Tourism (Macau)**") *(i)*	Macau/ 28 February 2014	Quota capital	MOP1,500,000	100.0	100.0	100.0	100.0	Provision of travel agent services

Name of subsidiary	Country/place and date of incorporation	Class of shares held	Issued and fully paid share capital/ registered capital	Equity interest held at 31 December 2017	Equity interest held at 31 December 2018	at 30 April 2019	at the date of this report	Principal activities
				%	%	%	%	
Zhuhai Laiqu Information Technology Company Limited (珠海來去資訊科技有限公司) *(iv)(v)*	The People's Republic of China (the "**PRC**")/ 9 April 2018	Registered	RMB10,000	—	—	—	—	Deregistered
Zhuhai Ying Hai Corporate Planning Company Limited (珠海瀛海企業策劃有限公司) ("**Zhuhai Ying Hai**") *(iii)(iv)(v)*	The PRC/ 13 November 2015	Registered	RMB3,800,000	70.0	100.0	100.0	100.0	Back office of the Group

Notes:

(i) No statutory financial statements have been prepared as there is no statutory requirement in the place of incorporation.

(ii) The statutory financial statements for the year ended 31 December 2017 and 2018 prepared under HKFRSs were audited by HLB Hodgson Impey Cheng Limited, certified public accountants registered in Hong Kong.

(iii) The statutory financial statements for the year ended 31 December 2017 and 2018 were prepared in accordance with the PRC generally accepted accounting principles and were audited by Guangzhou Hengyue Certified Public Accountants Co., Ltd (廣州恆越會計師事務所有限公司) and Zhuhai Dehong Certified Public Accountants Co., Ltd (珠海德鴻會計師事務所有限公司) respectively, certified public accountants registered in the PRC.

(iv) The English name is for identification purposes only.

(v) Wholly foreign-owned enterprise

3. APPLICATION OF HKFRSs

For the purpose of preparing and presenting the Historical Financial Information for the Track Record Period, the Group has consistently applied all HKFRSs, Hong Kong Accounting Standards ("**HKASs**"), amendments and interpretations which are effective for the Group's financial year beginning on 1 January 2019 (the "**new and revised HKFRSs**") consistently throughout the Track Record Period, including HKFRS 15 *Revenue from Contracts with Customers*, except that the Group applied HKFRS 9 *Financial Instruments* and HKFRS 16 *Leases* on 1 January 2018 and 1 January 2019 respectively, and applied HKAS 39 *Financial Instruments: Recognition and Measurement* and HKAS 17 *Leases* for the year ended 31 December 2017 and 2018 respectively.

HKFRS 9 *Financial Instruments*

During the year ended 31 December 2018 and the four months ended 30 April 2019, the Group has applied HKFRS 9 and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for (1) the classification and measurement of financial assets and financial liabilities, (2) expected credit losses ("**ECL**") for financial assets and (3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provision set out in HKFRS 9, i.e. applied the classification and measurement requirement (including impairment) retrospectively to instruments that have not been derecognised as at 1 January 2018 (date of initiate application) and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. The difference, if any, between carrying amounts as at 31 December 2017 and the carrying amounts as at 1 January 2018 are recognised in the opening retained earnings, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 *Financial Instruments: Recognition and Measurement*.

Accounting policies resulting from application of HKFRS 9 are disclosed in Note 4 to the Historical Financial Information.

Summary of effects arising from initial application of HKFRS 9

All financial assets and financial liabilities continue to be measured on the same bases as were previously measured under HKAS 39.

The table below illustrates the impairment of financial assets under HKFRS 9 and HKAS 39 at the date of initial application, 1 January 2018.

	Amortised cost (previously classified as loans and receivables)	**Deferred tax**	**Retained earnings**
	HK$'000	*HK$'000*	*HK$'000*
Closing balance at 31 December 2017	39,243	—	27,180
Effect arising from initial application of HKFRS 9:			
Remeasurement			
- Impairment under ECL	(420)	50	(370)
Opening balance at 1 January 2018	38,823	50	26,810

Impairment under ECL model

The Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for trade receivables. To measure the ECL, trade receivables, other receivables and amount(s) due from related companies/a related party/a director have been assessed individually for significant balances or collectively using a provision matrix based appropriate grouping on shared credit risk characteristics of customers from different operating segments.

Loss allowances for other financial assets at amortised cost, which mainly comprise of amount(s) due from related companies/a related party/a director, bank deposits with original maturity over three months and bank balances, are measured on 12-month ECL basis as there had been no significant increase in credit risk since initial recognition.

The ECL for bank deposits with original maturity over three months and bank balances is insignificant because such assets are placed in banks with good reputation and high credit ratings assigned by international credit-rating agents. Therefore, the exposure of default is low.

At 1 January 2018, additional credit loss allowance is charged against trade receivables and amount(s) due from related companies/a related party/a director of approximately HK$420,000 in total and the impact on deferred tax of approximately HK$50,000 have been recognised against retained earnings.

All loss allowances for trade receivables and amount(s) due from related companies/a related party/a director at amortised cost as at 31 December 2017 reconcile to opening loss allowances at 1 January 2018 are as follows:

	Trade receivables	**Other financial assets at amortised cost**
	HK$'000	*HK$'000*
At 31 December 2017 — under HKAS 39	—	—
Amounts remeasured through opening retained earnings	414	6
At 1 January 2018 — under HKFRS 9	414	6

HKFRS 16 ***Leases***

During the four months ended 30 April 2019, the Group has applied HKFRS 16 and the related consequential amendments to other HKFRSs which resulted in changes in accounting policies and adjustments to the amounts recognised in the consolidated financial statements. In accordance with the transitional provisions in HKFRS 16, the Group has elected to apply the new standard retrospectively with the cumulative effect of initial application recognised at 1 January 2019.

Before the application of HKFRS 16, commitments under operating leases for future periods were not recognised by the Group as liabilities. Operating lease rental expenses were recognised in profit or loss over the lease period on a straight-line basis.

Upon application of HKFRS 16, the Group recognised the full lease liabilities in relation to leases which had previously been classified as operating leases if they meet certain criteria set out in HKFRS 16. These liabilities were subsequently measured at the present value of the remaining lease payments, discounted using the interest rate implicit in the lease, or the incremental borrowing rate of respective entities if the interest rate implicit to the lease cannot be determined.

At the inception of a contract that contain a lease component, as a lessee, the Group should allocate the consideration in the contract to each lease component on the basis of their relative stand-alone price. The Group, as a lessee, assessed its leases for non-lease components and separated non-lease component from lease components for certain classes of assets if the non-lease components are material.

The associated right-of-use assets were measured at the amount equal to the initial measurement of lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated statement of financial position immediately before the date of initial application. Depreciation is charged on a straight-line basis over the shorter of the lease term or the asset's useful life.

Summary of effects arising from initial application of HKFRS 16

The table below illustrates effect of HKFRS 16 at the date of initial application, 1 January 2019.

	Right-of-use assets	**Interest payable**	**Lease liabilities**	**Retained earnings**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Closing balance at 31 December 2018	—	—	—	42,170
Effect arising from initial application of HKFRS 16:				
Remeasurement	2,966	(7)	(2,951)	8
Opening balance at 1 January 2019	2,966	(7)	(2,951)	42,178

When measuring lease liabilities for leases that were classified as operating leases, the Group discount future lease payments using the interest rate implicit to the lease or the incremental borrowing rate at the date of commencement of the respective leases. The rate applied range from 2.29% to 5.22%.

	At 1 January 2019
	HK$'000
Operating lease commitment at 31 December 2018 *(Note 28)*	3,108
Discounted using the interest rate implicit to the leases:	
Lease liabilities recognised	2,951

The Group has not early adopted the following new and revised HKFRSs, which have been issued but are not yet effective.

HKFRS 3 (Amendments)	Definition of a Business[1]
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
HKFRS 17	Insurance Contracts[3]
HKAS 1 and HKAS 8 (Amendments)	Definition of Material[2]

1 Effective for business combination and asset acquisition for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.

2 Effective for annual periods beginning on or after 1 January 2020.

3 Effective for annual periods beginning on or after 1 January 2021.

4 Effective for annual periods beginning on or after a date to be determined.

The directors do not anticipate that the application of new and revised HKFRSs issued but not yet effective will have a material impact on the Group's financial performance and financial positions.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Historical Financial Information has been prepared in accordance with HKFRSs, which is a collective term includes all applicable individual HKFRSs, HKASs and related interpretations issued by the HKICPA. This Historical Financial Information also complies with the applicable disclosure required by the Rules Governing the Listing of Securities on GEM of the Stock Exchange and by the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

The Historical Financial Information has been prepared under the historical cost basis.

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participates would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in this Historical Financial Information is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are within the scope of HKFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 *Inventories* or value in use in HKAS 36 *Impairment of Assets*.

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

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

The principal accounting policies applied in the preparation of the Historical Financial Information are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

Basis of consolidation

The Historical Financial Information incorporates the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expense of a subsidiary acquired or disposed of during the year/period are included in the consolidated statements of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owner of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owner of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on combination.

Merger accounting for business combination involving entities under common control

The Historical Financial Information incorporates the financial statements items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or business first came under common control of the controlling entity.

The net assets of the combining entities or businesses are combined using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets and liabilities over costs at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated statements of profit or loss and other comprehensive income include the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, whichever is a shorter period, regardless of the date of the common control combination.

Changes in ownership interests in subsidiaries without changes in control

Transactions with non-controlling interests that do not result in changes in control are accounted for as equity transactions — that is, as transactions with the owners of the subsidiary in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying amount of net assets of the subsidiary is recorded in equity.

Investments in subsidiaries

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

Property, plant and equipment

Property, plant and equipment are stated in the consolidated statements of financial position at costs, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after the property, plant and equipment have been put into operation, such as repair and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the property, plant and equipment, the expenditure is capitalised as an additional cost of that asset.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The principal annual rates are as follows:

Leasehold improvements	Over the lease terms
Furniture, fixtures and equipment	25%
Motor vehicles	20%

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Impairment of tangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit ("**CGU**") to which the asset belongs. When a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or the CGU) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or CGU) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets (upon application of HKFRS 9 in accordance with transitions in Note 3 to the Historical Financial Information)

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

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

Impairment of financial assets (upon application of HKFRS 9 with transitions in accordance with Note 3 to the Historical Financial Information)

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including trade receivables). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("**12m ECL**") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables without significant financing component. The ECL on these assets are assessed individually for debtors with significant balances and/or collectively using a provision matrix with appropriate groupings based on age group by due date.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; and

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 90 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Group's trade receivables as a separate group. Amount(s) due from related companies/a related party/a director are assessed for expected credit losses on an individual basis);

- Past-due status;

- Nature, size and industry of debtors; and

- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

Classification and subsequent measurement of financial assets (before application of HKFRS 9 on 1 January 2018)

Financial assets of the Group are classified as loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade receivables, deposits paid, amounts due from related companies, amount due from a related party, amount due from a director, bank deposits with original maturity over three months and cash and cash equivalents) are measured at amortised cost using the effective interest method, less any identified impairment losses.

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial. Financial assets are assessed for indicators of impairment at the end of each reporting period.

Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For all financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets that are carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the assets' carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent period.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Financial liabilities at amortised cost

Financial liabilities (including trade and other payables (exclude accruals and contract liabilities), lease liabilities, amount due to a related company, amount due to a director and borrowings) are subsequently measured at amortised cost, using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

Borrowing costs

Borrowing costs are expensed in the period in which they are incurred.

Taxation

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statements of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affect neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the Track Record Period

Current and deferred tax are recognised in profit or loss.

Government grants

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

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

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

Employee benefits

Retirement benefit scheme

Payment to Mandatory Provident Fund Scheme (the "**MPF Scheme**") is recognised as an expense when employees have rendered service entitling them to the contributions. The Group operates an MPF Scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance for those employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF Scheme is a defined contribution scheme, the assets of which are held in separate trustee-administered funds.

Under the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at 5% of the employees' relevant income, with the employers' contributions subject to a cap of monthly relevant income of HK$30,000. The Group's contributions to the scheme are expensed as incurred and vested in accordance with the scheme's vesting scales. Where employees leave the scheme prior to the full vesting of the employer's contributions, the amount of forfeited contributions is used to reduce the contributions payable by the Group.

The employees employed by the Group's subsidiaries in PRC are members of state-managed retirement benefit schemes operated by the government of the PRC. The subsidiaries are required to contribute a specific percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits schemes operated by the government of the PRC is to make the specified contributions under the schemes.

Social security fund

Full-time employees of the Group's Macau subsidiaries are covered by a government-mandated defined contribution plan pursuant to which a fixed amount of retirement benefit would be determined and paid by the Macau government. Contributions are generally made by both employees and employers by paying a fixed amount on a monthly basis to the Social Security Fund Contribution managed by the Macau government.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than HK$ are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. HK$) using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of "translation reserve" (attributed to non-controlling interests as appropriate).

Revenue from contract with customers

Under HKFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress toward complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

Sales and distribution of hotel rooms

The Group sells and distributes hotel rooms to travel agents, corporate customers, online travel agent platforms and direct customers.

For the sales and distribution of hotel rooms, revenue is recognised at a point in time upon provision of accommodation services by the hotel operators. The normal credit terms granted to travel agents and other corporate customers range from 30 to 45 days upon issuance of invoice.

Under the Group's standard contract terms, customers have no right to exchange or refund the hotel rooms.

Margin income

The Group sells, distributes and provides air tickets, hotel rooms and ancillary travel-related products and services to customers on behalf of another party. The Group's performance obligation is to arrange for the provision of specified good or service by other party, thus, the Group recognises revenue in the amount of any fee or commission to which the Group expects to be entitled in exchange for arranging for the specified goods or services to be provided by other parties.

Margin income is recognised at a point in time when the services are rendered by the Group as an agent on a net basis.

Provision of limousine services

The Group provides limousine services to travel agents, corporate customers, online travel agent platforms and direct customers and revenue is recognised when the relevant services are rendered.

Provision

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably. When a change in the probability of an outflow occurs so that outflow is probable, they will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. When inflow is virtually certain, an asset is recognised.

Leases (upon application of HKFRS 16 on 1 January 2019)

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments;
- variable lease payment that are based on a rate; and
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Group's incremental borrowing rate.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability; and
- prepayment and initial direct costs.

Right-of-use assets are depreciated on straight-line method over the shorter of the lease term and the expected useful life of the asset.

Leases (prior to 1 January 2019)

All leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the lease terms.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Dividend distribution

Dividend distribution to the shareholders is recognised as a liability in the Group's consolidated financial statements in the period in which the dividend is approved by shareholders of the entity.

Related parties

A party is considered to be related to the Group if:

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

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

(ii) has significant influence over the Group; or

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

(b) An entity is related to the Group if any of the following condition applies:

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

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

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

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

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group;

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

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

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

A related party transaction is a transfer of resources, services or obligations between the Group and a related party, regardless of whether a price is charged.

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

Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

5. FINANCIAL INSTRUMENTS

Financial risk management

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

Market risks

(i) Foreign exchange risk

The Group operates in Macau and the PRC with majority of the transactions being settled in MOP, HK$ and RMB. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities, which are denominated in a currency that is not the functional currency of the Group.

The Group is not exposed to foreign exchange risk in respect of HK$ against MOP as long as these currencies are pegged.

The transactions and monetary assets and liabilities denominated in RMB are minimal, the Group considers there is no significant foreign exchange risk in respect of RMB.

The Group currently does not have a foreign currency hedging policy in respect of assets and liabilities denominated in foreign currency. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arises.

(ii) Interest rate risk

The Group is exposed to interest rate risk through the impact of rate changes on variable rate borrowings, primarily the secured bank borrowing. The Group currently does not have an interest rate hedging policy. However, the Group monitors the interest rate exposure on a continuous basis and will consider hedging significant interest rate exposure where necessary.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the end of each reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole reporting period. A 50 basis points increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the four months ended 30 April 2019 would decrease/increase by approximately HK$7,000. This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

Credit risk and impairment assessment

The Group's credit risk is primarily attributable to trade receivables, deposits paid, amounts due from related companies, amount due from a director, bank deposit with original maturity over three months and bank balances.

The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge the obligation by counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statements of financial position at the end of each reporting period.

Deposits paid

For the purpose of internal credit risk management, the Group uses past due information to assess whether credit risk has increased significantly since initial recognition

Bank deposits with original maturity over three months and bank balances

The credit risks on bank deposit with original maturity over three months and bank balances are limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Trade receivables

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals. Before accepting any new customer, the Group uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed regularly. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model upon application of HKFRS 9 (for the year ended 31 December 2017: incurred loss model) on trade balances individually or based on provision matrix. In this regard, the directors consider that the Group's credit risk is significantly reduced.

As part of the Group's credit risk management, the Group uses debtors' aging to assess the impairment for its customers because these customers consist of a large number of small customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The following tables provide information about the exposure to credit risk for trade receivables which are assessed based on provision matrix at 31 December 2018 and 30 April 2019 within lifetime ECL (not credit impaired). Debtors with significant outstanding balances with aggregate gross carrying amounts of approximately HK$15,925,000 and HK$15,895,000 as at 31 December 2018 and 30 April 2019 were assessed individually.

	Expected loss rate	Gross carrying amount	Loss allowance
	%	*HK$'000*	*HK$'000*
At 31 December 2018			
Not yet due	0.01	13,383	2
1-30 days past due	1.71	315	5
31-60 days past due	8.41	3,652	307
61-90 days past due	13.21	—	—
Over 90 days past due	29.33	501	147
		17,851	461

	Expected loss rate	Gross carrying amount	Loss allowance
	%	*HK$'000*	*HK$'000*
At 30 April 2019			
Not yet due	0.01	20,590	3
1-30 days past due	1.71	3,364	57
31-60 days past due	8.41	376	32
61-90 days past due	13.21	15	2
Over 90 days past due	29.33	—	—
		24,345	94

The expected loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

During the year ended 31 December 2018 and the four months ended 30 April 2019, the Group provided approximately HK$47,000 and reversed approximately HK$367,000 impairment allowance for trade receivables, based on the provision matrix.

The following table shows the movement in lifetime ECL that has been recognised for trade receivables under the simplified approach.

	Lifetime ECL not credit-impaired
	HK$'000
At 31 December 2017 under HKAS 39	—
Adjustment upon application of HKFRS 9	414
At 1 January 2018 — As restated	414
Changes due to financial instruments recognised at 1 January 2018:	
- Impairment losses recognised	47
At 31 December 2018 and at 1 January 2019	461
Changes due to financial instruments recognised at 1 January 2018:	
- Reversal of impairment losses	(367)
At 30 April 2019	94

The following table shows reconciliation of loss allowances that has been recognised for amount(s) due from related companies/a related party/a director.

	12m ECL
	HK$'000
At 31 December 2017 under HKAS 39	—
Adjustment upon application of HKFRS 9	6
At 1 January 2018 — As restated	6
Changes due to financial instruments recognised at 1 January 2018:	
- Impairment losses recognised	1
- Reversal of impairment losses	(1)
At 31 December 2018 and at 1 January 2019	6
Changes due to financial instruments recognised at 1 January 2018:	
- Reversal of impairment losses	(6)
At 30 April 2019	—

Liquidity risk

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, borrowing with repayable on demand clause are included in the earliest time band regardless of the probability of the counterparty choosing to exercise its' rights.

		At 31 December 2017				
	Effective interest rate	On demand or within one year	Within two to five years	Over five years	Total undiscounted cash flows	Carrying amounts
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Non-derivative financial liabilities						
Trade and other payables	—	13,249	—	—	13,249	13,249
Borrowings	2.19	484	—	—	484	484
		13,733	—	—	13,733	13,733

	At 31 December 2018					
	Effective interest rate	**On demand or within one year**	**Within two to five years**	**Over five years**	**Total undiscounted cash flows**	**Carrying amounts**
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Non-derivative financial liabilities						
Trade and other payables	—	11,308	—	—	11,308	11,308
Amount due to a related company	—	2,844	—	—	2,844	2,844
Amount due to a director	—	147	—	—	147	147
		14,299	—	—	14,299	14,299

	At 30 April 2019					
	Effective interest rate	**On demand or within one year**	**Within two to five years**	**Over five years**	**Total undiscounted cash flows**	**Carrying amounts**
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Non-derivative financial liabilities						
Trade and other payables	—	11,657	—	—	11,657	11,657
Lease liabilities	3.13	1,512	970	—	2,482	2,400
Amount due to a director	—	147	—	—	147	147
Borrowings	4.29	1,603	3,074	—	4,677	4,383
		14,919	4,044	—	18,963	18,587

The following table summarises the maturity analysis of borrowings with repayable on demand clause based on agreed repayments schedule set out in the loan agreements. The amount does not include interest as the Group's unsecured loan is interest-free. Taking into account the Group's net assets, along with other conditions set forth in the loan agreement, the directors do not consider that it is probable that the counterparty will exercise its discretion to immediate repayment. The directors believe that such borrowing will be repaid in accordance with the scheduled repayment dates set out in the loan agreement.

Maturity analysis — borrowings subject to repayable on demand clause based on scheduled repayments:

	Effective interest rate	Within one year	Within two to five years	Over five years	Total undiscounted cash flows	Carrying amount
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Borrowings with repayable on demand clause						
At 31 December 2017	2.19	—	333	250	583	484

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise the shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the amounts of dividend paid to the shareholders, return on capital to the shareholders or issue of new shares as well as issue of new debts or redemption of existing debts. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the Track Record Period.

The Group monitors capital using a gearing ratio, which is expressed as a percentage of total debt over total equity. The gearing ratios at the end of each reporting period are as follows:

	At 31 December		At 30 April
	2017	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*
Total debt *(Note)*	484	—	6,783
Less: cash and cash equivalents	(5,898)	(10,553)	(14,291)
Net cash	(5,414)	(10,553)	(7,508)
Equity attributable to owner of the Company	29,714	45,957	40,037
Total debt to equity ratio	1.63%	N/A	16.94%

Note: Total debt represents lease liabilities and borrowings in Notes 17 and 24 to the Historical Financial Information respectively.

Categories of financial instruments

	At 31 December		At 30 April
	2017	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*
Financial assets			
At amortised cost	—	46,319	47,804
Loans and receivables (including cash and cash equivalents)	39,243	—	—
Financial liabilities			
At amortised cost	13,733	14,299	18,587

Fair value of financial instruments

The fair value of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flows analysis.

The directors consider that the carrying amounts of financial assets and financial liabilities recognised in the Historical Financial Information are approximate to their fair values, except for the unsecured loan included in the Group's borrowings, the fair value of the unsecured loan is approximately HK$478,000 at 31 December 2017. The fair value of the unsecured loan is measured using income approach with the most significant input being the credit spread of comparable bonds and taking into account the time value of money and the risks associated with the cash flows, which is under Level 3 of the fair value hierarchy.

6. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 4 to the Historical Financial Information, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

The followings are the critical judgements, apart from those involving estimations, that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the Historical Financial Information.

Revenue recognition on sales and distribution of hotel rooms

When determining the revenue recognition policy in respect of revenue from sales and distribution of hotel rooms, the Group has made reference to the relevant requirements concerning "Principal versus agent considerations" as set out in HKFRS 15 to determine whether the Group is acting as principal or as agent in these arrangements.

The Group procures and is guaranteed a fixed number of hotel rooms from the hotel operators and is contractually liable to pay these hotel operators for these hotel rooms regardless of whether those hotel rooms are sold to the customers. Accordingly, it is considered that the Group has obtained control over the hotel rooms procured and continues to control these hotel rooms until such time that these controls are subsequently transferred to the customers. Hence it is considered that the Group has inventory risk in respect of the procured hotel rooms.

The Group also has the discretion in establishing the price for the hotel rooms sold to the customers, and indicates that the Group has the ability to direct the use of the hotel rooms.

Accordingly, the Group is acting as principal for the sales and distribution of hotel rooms and therefore revenue is recognised at the amount of the consideration that the Group is entitled from transferring the control of the hotel rooms to the customers.

Margin income on sales and distribution of hotel rooms

The Group also arranges for the sales and distribution of hotel rooms on behalf of another party and recognises margin income from sales and distribution of such hotel rooms. For those purchases of hotel rooms to be provided by other parties to customers, i.e. hotel operators or other suppliers, the Group does not control these hotel rooms before they are transferred to customers. Thus, the Group recognises margin income on net basis as agent.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the end of the Track Record Period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment of financial assets

Prior to 1 January 2018, when there was an objective evidence of impairment loss, the Group took into consideration the estimation of future cash flows. The amount of the impairment loss was measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows were less than expected or being revised downward due to changes in facts and circumstances, a material impairment loss/further impairment loss may arise.

On or after 1 January 2018, the loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Income taxes

The Group is subject to income taxes in various jurisdiction. Significant judgement is required in determining the provision of income taxes. There are many transactions and calculations for which the ultimate determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will impact the income tax and deferred tax provision in the year in which such determination is made.

Useful lives and residual values of property, plant and equipment

The Group determines the useful lives, residual values and related depreciation charges for its property, plant and equipment and reviews the useful lives and residual values periodically to ensure that the method and rates of depreciation are consistent with expected pattern of realisation of economic benefits from property, plant and equipment. This estimate is based on the historical experience of the actual residual values and useful lives of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. If there are significant changes from previous estimated useful lives and residual values, the amount of depreciation charge may change.

7. REVENUE

Disaggregation of revenue from contracts with customers

	Years ended 31 December		Four months ended 30 April	
	2017	**2018**	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
			(unaudited)	
Type of goods or services				
Sales and distribution of hotel rooms	109,012	153,931	50,477	57,027
Margin income: *(Note)*				
- sales of air tickets	998	930	433	247
- sales and distribution of hotel rooms	2,439	1,739	637	400
- sales and provision of ancillary travel-related products and services	199	477	103	202
Provision of limousine services	3,938	5,005	1,099	2,983
Total revenue from contracts with customers	116,586	162,082	52,749	60,859
Lease income from vehicle leasing	1,042	3,580	516	1,298
Total revenue	117,628	165,662	53,265	62,157
Type of customer				
Travel agents	48,700	69,719	21,784	33,100
Corporate customers	3,172	16,712	1,910	9,040
Online travel agent platforms	35	3,905	1,281	867
Direct customers	65,721	75,326	28,290	19,150
Total	117,628	165,662	53,265	62,157

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

All of the Group's revenue is derived from Macau.

Note: The Group's margin income from sales, distribution and provision of air tickets, hotel rooms and ancillary travel-related products and services, are considered as cash collected on behalf of a principal as an agent, and thus recorded on a net basis.

8. SEGMENT INFORMATION

The Group's operating segments are determined based on information reported to the chief operating decision maker of the Group for the purposes of resource allocation and assessment of segment performance focuses on types of products and services provided. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable operating segments of the Group.

The chief operating decision maker considers the Group has two reportable operating segments which are based on the internal organisation and reporting structure. This is the basis upon which the Group is organised.

The Group's reportable operating segments are as follows:

(i) Travel business

The travel business consists of sales and distribution of hotel rooms and margin income from sales, distribution and provision of air tickets, hotel rooms and ancillary travel-related products and services in Macau.

(ii) Vehicle business

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

Segment revenue and results

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

For the year ended 31 December 2017

	Travel business *HK$'000*	Vehicle business *HK$'000*	Total *HK$'000*
Reportable segment revenue	112,648	4,980	117,628
Reportable segment results	21,284	933	22,217
Interest income			3
Unallocated income and expenses			(1,319)
Profit before tax			20,901
Adjusted earnings before interest, tax, depreciation and amortisation	22,375	1,442	22,505

For the year ended 31 December 2018

	Travel business *HK$'000*	Vehicle business *HK$'000*	Total *HK$'000*
Reportable segment revenue	157,077	8,585	165,662
Reportable segment results	25,318	764	26,082
Interest income			9
Unallocated income and expenses			(7,228)
Profit before tax			18,863
Adjusted earnings before interest, tax, depreciation and amortisation	26,498	3,238	22,530

For the four months ended 30 April 2018 (unaudited)

	Travel business HK$'000	Vehicle business HK$'000	Total HK$'000
Reportable segment revenue	51,650	1,615	53,265
Reportable segment results	9,568	149	9,717
Unallocated income and expenses			(612)
Profit before tax			9,105
Adjusted earnings before interest, tax, depreciation and amortisation	9,969	421	9,779

For the four months ended 30 April 2019

	Travel business HK$'000	Vehicle business HK$'000	Total HK$'000
Reportable segment revenue	57,876	4,281	62,157
Reportable segment results	8,868	680	9,548
Unallocated income and expenses			(6,052)
Profit before tax			3,496
Adjusted earnings before interest, tax, depreciation and amortisation	9,397	2,214	5,599

Reportable segment revenue represents revenue generated from external customers. There were no inter-segment sales during the Track Record Period.

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

Adjusted earnings before interest, tax, depreciation and amortisation is also a measurement basis regularly reviewed by the directors in performance assessment between segments and resources allocation. This measurement basis is consistent with that of the segment results except that finance costs, depreciations and amortisation are not included in the adjusted earnings before interest, tax, depreciation and amortisation.

Segment assets and liabilities

No segment assets and liabilities information are provided as no such information is regularly provided to the chief operating decision maker on making decision for resources allocation and performance assessment.

Other segment information

For the year ended 31 December 2017

	Travel business	**Vehicle business**	**Unallocated**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Interest income	—	—	3	3
Depreciation of property, plant and equipment	1,091	509	2	1,602
Additions to non-current assets *(Note)*	102	4,977	15	5,094

For the year ended 31 December 2018

	Travel business	**Vehicle business**	**Unallocated**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Interest income	—	—	9	9
Depreciation of property, plant and equipment	1,180	2,474	3	3,657
Impairment loss on trade receivables, net of reversal	14	33	—	47
Additions to non-current assets *(Note)*	1,794	16,386	9	18,189

For the four months ended 30 April 2018 (unaudited)

	Travel business	Vehicle business	Unallocated	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Depreciation of property, plant and equipment	398	272	1	671
Additions to non-current assets *(Note)*	462	7,581	—	8,043

For the four months ended 30 April 2019

	Travel business	Vehicle business	Unallocated	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Depreciation of property, plant and equipment	149	1,230	2	1,381
Depreciation of right-of-use assets	364	277	33	674
Reversal of impairment loss on trade receivables, net of impairment	(362)	(5)	—	(367)
Additions to non-current assets *(Note)*	157	528	—	685

Note: Additions to non-current assets exclude the additions of financial instruments and deferred tax asset.

Geographical information

As all of the Group's revenue is derived from Macau, no geographical segment information in respect of revenue is presented.

The following is an analysis of the carrying amounts of the non-current assets (excluding financial instruments and deferred tax assets) analysed by geographical locations in which the assets is located:

	At 31 December		At 30 April
	2017	2018	2019
	HK$'000	*HK$'000*	*HK$'000*
Hong Kong	—	—	443
Macau (place of domicile)	6,655	17,563	17,410
The PRC, excluding Hong Kong and Macau	13	10	260
	6,668	17,573	18,113

Information about major customers

Revenue from customers during the Track Record Period contributing over 10% of the total revenue of the Group are as follows:

	Reportable segments	Years ended 31 December 2017	Years ended 31 December 2018	Four months ended 30 April 2018	Four months ended 30 April 2019
		HK$'000	*HK$'000*	*HK$'000* *(unaudited)*	*HK$'000*
Customer A	Travel business and Vehicle business	41,182	31,763	9,455	13,393
Customer B *(Note)*	Travel business	N/A	25,213	8,267	12,383
Customer C *(Note)*	Travel business and Vehicle business	N/A	N/A	N/A	6,465

Note: Revenue derived from Customer B and Customer C did not contribute 10% or more to the Group's total revenue during the Track Record Period.

Except as disclosed above, no other customers contributed 10% or more of the Group's total revenue during the Track Record Period.

9. OTHER GAIN AND INCOME

	Years ended 31 December 2017	Years ended 31 December 2018	Four months ended 30 April 2018	Four months ended 30 April 2019
	HK$'000	*HK$'000*	*HK$'000* *(unaudited)*	*HK$'000*
Interest income	3	9	—	—
Government grants *(Note 31)*	142	—	—	—
Reversal of impairment loss on trade receivables, net of impairment	—	—	—	367
Reversal of impairment loss on amounts due from related companies, net of impairment	—	—	—	4
Reversal of impairment loss on amount due from a director, net of impairment	—	—	—	2
Sundry income	45	9	—	10
	190	18	—	383

10. FINANCE COSTS

	Years ended 31 December		Four months ended 30 April	
	2017	2018	2018	2019
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
			(unaudited)	
Imputed interest on unsecured loan	2	10	3	—
Interest on lease liabilities	—	—	—	30
Interest on secured bank borrowing	—	—	—	18
	2	10	3	48

11. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	Years ended 31 December		Four months ended 30 April	
	2017	2018	2018	2019
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
			(unaudited)	
Auditors' remuneration for:				
- audit service	8	15	2	3
- non-audit services	37	95	25	32
	45	110	27	35
Depreciation of property, plant and equipment *(Note)*	1,602	3,657	671	1,381
Depreciation of right-of-use assets	—	—	—	674
Impairment loss on trade receivables, net of reversal	—	47	—	—
Listing expenses	—	5,828	—	5,500
Loss on early repayment of unsecured loan *(Note 24)*	—	89	—	—
Loss on disposal of property, plant and equipment	—	50	—	75
Lease payment under operating lease in respect of leased assets *(Note)*	979	1,555	493	—

	Years ended 31 December		Four months ended 30 April	
	2017	**2018**	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
			(unaudited)	
Employee benefit expenses (excluding directors' remuneration *(Note) (Note 12)*)				
- Salaries, allowances and benefits in kind	3,128	5,864	1,578	3,715
- Retirement benefit scheme contribution	85	218	14	82
	3,213	6,082	1,592	3,797

Note: Included in the Group's cost of sales are depreciation of property, plant and equipment of approximately HK$509,000, HK$2,143,000, HK$254,000 and HK$1,179,000, lease payment under operating leases in respect of leased assets of approximately HK$309,000, HK$187,000, HK$83,000 and nil, and employee benefit expenses (excluding directors' remuneration) of approximately HK$737,000, HK$1,996,000, HK$301,000 and HK$1,081,000, for the years ended 31 December 2017 and 2018 and the four months ended 30 April 2018 and 2019 respectively.

12. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS

	Year ended 31 December 2017			
	Directors' fees	**Salaries allowances, and benefits in kind**	**Retirement benefit scheme contribution**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors:				
Mr. Choi	—	44	—	44
Mr. Leong Tat Meng	—	291	1	292
	—	335	1	336

	Year ended 31 December 2018			
	Directors' fees	Salaries allowances, and benefits in kind	Retirement benefit scheme contribution	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors:				
Mr. Choi	—	174	1	175
Mr. Leong Tat Meng	—	364	1	365
	—	538	2	540

	Four months ended 30 April 2018 (unaudited)			
	Directors' fees	Salaries allowances, and benefits in kind	Retirement benefit scheme contribution	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors:				
Mr. Choi	—	58	—	58
Mr. Leong Tat Meng	—	133	—	133
	—	191	—	191

	Four months ended 30 April 2019			
	Directors' fees	Salaries allowances, and benefits in kind	Retirement benefit scheme contribution	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors:				
Mr. Choi	—	80	—	160
Mr. Leong Tat Meng	—	160	—	80
	—	240	—	240

No remuneration was paid to the independent non-executive directors during the Track Record Period as the independent non-executive directors have not been appointed during the Track Record Period.

The five highest paid individuals included one, one, one and one director for the years ended 31 December 2017 and 2018 and the four months ended 30 April 2018 and 2019 respectively. Details of whom emoluments are set out above. The emoluments of the remaining individuals for the years ended 31 December 2017 and 2018 and the four months ended 30 April 2018 and 2019 are as follows:

	Years ended 31 December		**Four months ended 30 April**	
	2017	**2018**	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
			(unaudited)	
Salaries, allowance and benefits in kind	827	1,315	557	626
Retirement benefit scheme contribution	3	3	1	1
	830	1,318	558	627

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

	Years ended 31 December		**Four months ended 30 April**	
	2017	**2018**	**2018**	**2019**
	Number of employees	*Number of employees*	*Number of employees*	*Number of employees*
			(unaudited)	
Nil to HK$1,000,000	4	4	4	4

During the Track Record Period, no emoluments were paid by the Group to the directors or any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors has waived or agreed to waive any emoluments during the Track Record Period.

13. INCOME TAX EXPENSES

	Years ended 31 December		Four months ended 30 April	
	2017	**2018**	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
			(unaudited)	
Current tax:				
- Macau Complementary Tax	2,520	2,430	1,194	558
- PRC Enterprise Income Tax	145	163	—	—
	2,665	2,593	1,194	558
Deferred tax:				
- (credit)/charge for the year/period *(Note 18)*	—	(6)	—	45
	2,665	2,587	1,194	603

Hong Kong Profits Tax and Macau Complementary Tax are calculated at 16.5% and 12% of the estimated assessable profits respectively for the Track Record Period. PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% for the Track Record Period.

No provision of Hong Kong Profits Tax has been made as there is no assessable profits arising in Hong Kong.

The income tax expenses for the Track Record Period can be reconciled to the profit as per the consolidated statements of profit or loss and other comprehensive income as follows:

	Years ended 31 December		Four months ended 30 April	
	2017	**2018**	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
			(unaudited)	
Profit before tax	20,901	18,863	9,105	3,496
Tax calculated at tax rates applicable to the jurisdictions concern	2,608	2,338	1,097	344
Tax effect of:				
Expenses not deductible for tax purposes	22	43	6	71
Income not taxable for tax purposes	(50)	(9)	—	—
Estimated tax losses not recognised	85	215	91	188
Income tax expenses for the Track Record Period	2,665	2,587	1,194	603

14. DIVIDENDS

Prior to the Reorganisation, the Company and its subsidiary had declared dividends to the shareholders during the Track Record Period, details are as follows:

	Years ended 31 December		Four months ended 30 April	
	2017	**2018**	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
			(unaudited)	
Dividends declared	—	874	—	8,891

On 30 April 2019, the Company has declared interim dividend of approximately HK$8,891,000 and subsequently used to set off against the outstanding balance of amount due from immediate holding company.

15. EARNINGS PER SHARE

Earnings per share information is not presented as its inclusion, for the purpose of this report, is not considered meaningful due to the Reorganisation and the presentation of the results for the Track Record Period on the basis of preparation and presentation as set out in Note 2 of the Historical Financial Information.

16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements	Furniture, fixtures, equipment	Motor vehicles	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Cost				
At 1 January 2017	291	165	3,028	3,484
Additions	—	117	4,977	5,094
At 31 December 2017 and at 1 January 2018	291	282	8,005	8,578
Additions	430	230	17,529	18,189
Disposals	—	—	(5,078)	(5,078)
At 31 December 2018 and at 1 January 2019	721	512	20,456	21,689
Additions	—	42	528	570
Disposals	—	—	(1,268)	(1,268)
At 30 April 2019	721	554	19,716	20,991
Accumulated depreciation				
At 1 January 2017	89	32	187	308
Charge for the year	97	63	1,442	1,602
At 31 December 2017 and at 1 January 2018	186	95	1,629	1,910
Charge for the year	332	101	3,224	3,657
Eliminated upon disposals	—	—	(1,451)	(1,451)
At 31 December 2018 and at 1 January 2019	518	196	3,402	4,116
Charge for the period	86	41	1,254	1,381
Eliminated upon disposals	—	—	(212)	(212)
At 30 April 2019	604	237	4,444	5,285

	Leasehold improvements	Furniture, fixtures, equipment	Motor vehicles	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Carrying amounts				
At 31 December 2017	105	187	6,376	6,668
At 31 December 2018	203	316	17,054	17,573
At 30 April 2019	117	317	15,272	15,706

At 30 April 2019, motor vehicles with carrying amounts of approximately HK$10,951,000 are pledged for the Group's secured bank borrowing (Note 24 to the Historical Financial Information).

17. LEASES

	At 1 January 2019	At 30 April 2019
	HK$'000	*HK$'000*
	(restated)	
Right-of-use assets		
Properties	2,397	1,965
Carparking spaces	324	232
Licenses	245	210
	2,966	2,407

	At 1 January 2019	At 30 April 2019
	HK$'000	*HK$'000*
	(restated)	
Lease liabilities		
Minimum lease payments due		
- Within one year	1,773	1,512
- In the second to fifth years, inclusive	1,289	970
	3,062	2,482
Less: future finance charges	(111)	(82)
Present value of lease liabilities	2,951	2,400

	At 1 January 2019	At 30 April 2019
	HK$'000	*HK$'000*
	(restated)	
Present value of lease liabilities		
- Within one year	1,699	1,454
- In the second to fifth years, inclusive	1,252	946
	2,951	2,400

	At 1 January 2019	At 30 April 2019
	HK$'000	*HK$'000*
	(restated)	
Lease liabilities		
Properties	2,374	1,950
Carparking spaces	325	233
Licenses	252	217
	2,951	2,400

Additions to the right-of-use assets during the four months ended 30 April 2019 are approximately HK$115,000.

	Four months ended 30 April 2019
	HK$'000
Depreciation of right-of-use assets	
Properties	547
Carparking spaces	91
Licenses	36
	674

The total cash outflow for leases for the four months ended 30 April 2019 is approximately HK$575,000.

The Group leases various properties, carparking spaces and licenses. Rental contracts are typically made for fixed periods of 1 to 4 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Extension options are included in a number of leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts.

18. DEFERRED TAX ASSET

The following is the deferred tax asset recognised and movements thereon during the Track Record Period:

	Loss allowance for financial assets
	HK$'000
At 1 January 2018 *(Note)*	50
Credit to profit or loss *(Note 13)*	6
At 31 December 2018 and at 1 January 2019	56
Charge to profit or loss *(Note 13)*	(45)
At 30 April 2019	11

Note: The Group has initially applied HKFRS 9 on 1 January 2018 and comparative information is not restated.

The Group had unused estimated tax losses of approximately HK$758,000, HK$2,536,000 and HK$3,632,000 available for offset against future profits as at 31 December 2017 and 2018 and 30 April 2019 respectively. No deferred tax asset has been recognised in respect of unused estimated tax losses due to the unpredictability of future profit streams. At 31 December 2017 and 2018 and 30 April 2019, all of the Group's unused estimated tax losses will expire within five years.

19. TRADE RECEIVABLES, DEPOSITS AND PREPAYMENTS

	At 31 December		At 30 April
	2017	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*
Trade receivables, gross	17,788	17,851	24,345
Less: allowance for impairment	—	(461)	(94)
	17,788	17,390	24,251
Deposits paid	1,463	2,200	2,163
Prepayments	878	2,557	4,043
	2,341	4,757	6,206
Total trade receivables, deposits and prepayments	20,129	22,147	30,457
Trade receivables, deposits and prepayments presented under:			
- Non-current assets	647	796	796
- Current assets	19,482	21,351	29,661
	20,129	22,147	30,457

At 31 December 2017 and 2018 and at 30 April 2019, included in the Group's trade receivables are balances of approximately HK$2,986,000, HK$1,215,000 and HK$2,013,000 respectively, that are due from related party. Such balances are trade nature, unsecured, interest-free and repayable on demand.

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

The following is an aging analysis of the Group's trade receivables, presented based on invoice dates, at the end of each reporting period, net of allowance for impairment:

	At 31 December		At 30 April
	2017	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*
0-30 days	13,106	13,691	15,905
31-60 days	4,445	3,345	4,803
61-90 days	153	—	3,523
Over 90 days	84	354	20
	17,788	17,390	24,251

Before accepting new customer, the Group assesses the credit quality and defines credit limit to potential customer. The majority of the Group's trade receivables that are past due but not impaired have good credit quality with reference to settlement history.

Trade receivables balances that are past due for which the Group has not provided for impairment loss because the management of the Group is of the opinion that the amounts will be fully recoverable as there has not been any significant adverse change in credit quality of the customers.

Comparative information under HKAS39

The following is an aging analysis of trade receivables which are not impaired at 31 December 2017, based on due date:

	At 31 December 2017
	HK$'000
Neither past due nor impaired	13,106
1-30 days past due	4,445
31-60 days past due	153
61-90 days past due	6
Over 90 days past due	78
	17,788

The Group does not hold any collateral over these balances.

In determining the recoverability of trade receivables, the Group considers any change in the credit quality of the customers from the date that credit was initially granted up to the end of each reporting period. The management also considers the forward-looking information and any change in the expected recovery of the trade receivables after the application of HKFRS 9 since 1 January 2018.

Impairment assessment on trade receivable subject to ECL model

As part of the Group's credit risk management, the Group makes reference to the historical repayment to assess the impairment for each individual trade receivables with significant balances while the Group collectively assesses the impairment for its remaining customers using a provision matrix with appropriate groupings based on share credit risk characteristics of customers from different operating segments.

The loss rates of trade receivables (individually or collectively using a provision matrix) are estimated based on historical credit loss analysis, and adjusted for forward-looking information (for example, the current and forecasted economic growth rates, which reflect the general economic conditions of the region in which the debtors operate) that is available without undue cost or effort. Such forward-looking information is used by the management of the Group to assess both the current and forecast direction of conditions at the reporting date. The grouping is regularly reviewed by the management to ensure relevant information about specific customers is updated.

In addition, the directors considered that the presumption of default has occurred when the instrument is more than 90 days past due would be rebutted by considering the expected subsequent and historical repayment from the customers.

There has been no change in the estimation techniques or significant assumptions made since the application of HKFRS 9 on 1 January 2018.

Movement in allowance for impairment for trade receivables for the year ended 31 December 2017, and movement in lifetime ECL that have been recognised in accordance with simplified approach set out in HKFRS 9 during the year ended 31 December 2018 and the four months ended 30 April 2019 are as follows:

	Years ended 31 December		**Four months ended 30 April**	
	2017	**2018**	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
			(unaudited)	
At the beginning of the reporting period *(Note)*	—	414	—	461
Allowance for impairment	—	47	—	(367)
At the end of the reporting period	—	461	—	94

Note: The Group has initially applied HKFRS 9 on 1 January 2018, an impairment loss under ECL model of approximately HK$414,000 was recognised to the opening retained earnings and comparative information is not restated.

The allowance for impairment during the year ended 31 December 2018 and the four months ended 30 April 2019, has been recognised for trade receivables in accordance with the simplified approach (lifetime ECL set out in HKFRS 9). During the year ended 31 December 2018 and the four months ended 30 April 2019, the Group has provided loss allowance of approximately HK$47,000 and reversed loss allowance of approximately HK$367,000 on ECL respectively, based on provision matrix.

20. BALANCES WITH RELATED PARTIES

Particular of amount due from immediate holding company is as follow:

	At 31 December		**At 30 April**
	2017	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*
Silver Esteem Limited	—	—	—

The maximum amount due from immediate holding company during the Track Record Period is as follow:

	During the year ended 31 December 2017 HK$'000	During the year ended 31 December 2018 HK$'000	During the four months ended 30 April 2019 HK$'000
Silver Esteem Limited	—	—	8,891

Particular of the amounts due from related companies are as follow:

	At 31 December 2017 HK$'000	At 31 December 2018 HK$'000	At 30 April 2019 HK$'000
Ying Hai Development Holdings Limited (formerly known as "Ying Hai Group Holdings Limited")	217	3,405	—
Ying Hai Entertainment Group Limited	6,076	7,411	—
瀛海投資有限公司 (Ying Hai Investment Company Limited*)	567	—	—
Ying Hai Estates Company Limited	594	—	—
瀛海餐飲管理有限公司 (Ying Hai Catering Management Company Limited*)	118	—	—
	7,572	10,816	—

The maximum amounts due from related companies during the Track Record Period are as follow:

	During the years ended 31 December 2017 HK$'000	During the years ended 31 December 2018 HK$'000	During the four months ended 30 April 2019 HK$'000
Ying Hai Development Holdings Limited (formerly known as "Ying Hai Group Holdings Limited")	236	3,610	3,405
Ying Hai Entertainment Group Limited	6,076	7,518	7,411
瀛海投資有限公司 (Ying Hai Investment Company Limited*)	642	567	—
Ying Hai Estates Company Limited	594	594	—
瀛海餐飲管理有限公司 (Ying Hai Catering Management Company Limited*)	118	118	—

Particular of the amount due from a related party is as follows:

	At 31 December		At 30 April
	2017	2018	2019
	HK$'000	*HK$'000*	*HK$'000*
Ms. Wong Pui Keng	15	—	—

* *for identification purposes only*

The maximum amount due from a related party during the Track Record Period is as follows:

	During the years ended 31 December		During the four months ended 30 April
	2017	2018	2019
	HK$'000	*HK$'000*	*HK$'000*
Ms. Wong Pui Keng	15	15	—

Particular of the amount due from a director is as follow:

	At 31 December		At 30 April
	2017	2018	2019
	HK$'000	*HK$'000*	*HK$'000*
Mr. Choi	6,254	2,849	1,945

The maximum amount due from a director during the Track Record Period are as follow:

	During the years ended 31 December		During the four months ended 30 April
	2017	2018	2019
	HK$'000	*HK$'000*	*HK$'000*
Mr. Choi	6,254	10,936	2,849

The balances with related parties are non-trade nature, unsecured, interest-free and repayable on demand.

The directors represent that the balances with related parties will be settled prior to the listing.

The financial assets included in the above balances related to receivable for which there was no recent history of default.

During the Track Record Period, Mr. Choi and Mr. Leong Tat Meng, being directors of the Company, had provided personal guarantees and pledged personal assets in respect of borrowings and general banking facilities of the Group without any charge.

Except for the personal guarantee provided by Mr. Choi in relation to the Group's secured bank borrowing with the carrying amount of approximately HK$4,383,000 as at 30 April 2019, all other personal guarantees and pledge of personal assets had been released during the Track Record Period. The directors represent that the personal guarantee in relation to the Group's secured bank borrowing will be released prior to or upon the listing.

21. BANK DEPOSITS WITH ORIGINAL MATURITY OVER THREE MONTHS

Bank deposits with original maturity over three months carry interest at 0.60%, range from 1.10% to 1.49% and range from 1.10% to 2.00% per annum as at 31 December 2017 and 2018 and 30 April 2019 respectively.

At 31 December 2017 and 2018 and 30 April 2019, included in the Group's bank deposits with original maturity over three months are amounts of approximately HK$253,000, HK$2,509,000 and HK$5,133,000 respectively, placed in a bank to secure general banking facilities in respect of guarantees issued to the suppliers of the Group as general trade deposits and to the government of the Macau Special Administrative Region (the "**government of Macau SAR**") to obtain travel agent licence in Macau.

22. CASH AND CASH EQUIVALENTS

	At 31 December		**At 30 April**
	2017	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*
Cash and cash equivalents denominated in:			
HK$	1,489	4,340	8,088
MOP	2,535	4,275	4,808
RMB	1,874	1,938	1,395
	5,898	10,553	14,291

Bank balances carry interest at floating rates and placed with creditworthy banks with no recent history of default.

RMB is not a freely convertible currency in the PRC and the remittance of funds out of the PRC is subject to the foreign exchange control promulgated by the PRC government. The Group's cash and cash equivalents denominated in RMB of approximately HK$186,000, HK$183,000 and HK$103,000 at 31 December 2017 and 2018 and 30 April 2019 respectively are located outside of the PRC which are not subject to the foreign exchange control.

23. TRADE AND OTHER PAYABLES

	At 31 December		At 30 April
	2017	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*
Trade payables	10,143	11,053	11,430
Accruals and other payables	701	3,211	8,071
Deposits received	3,020	126	126
Contract liabilities	27	199	5
	13,891	14,589	19,632

At 31 December 2017 and 2018 and 30 April 2019, included in the Group's trade and other payables are balance of approximately HK$515,000, HK$41,000 and HK$3,000 respectively, that are due to related parties. Such balances are trade nature, unsecured, interest-free and repayable on demand.

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

	At 31 December		At 30 April
	2017	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*
0-30 days	8,819	11,002	11,375
31-60 days	971	2	53
61-90 days	102	3	2
Over 90 days	251	46	—
	10,143	11,053	11,430

The average credit period granted by major suppliers is 30 days.

The balances of contract liabilities at the end of each reporting period are recognised as revenue in the following financial year.

24. BORROWINGS

	At 31 December 2017	2018	At 30 April 2019
	HK$'000	*HK$'000*	*HK$'000*
Secured bank borrowing	—	—	4,383
Unsecured loan	484	—	—
	484	—	4,383
Carrying amounts repayable:			
Current portion			
Within one year	—	—	1,440
Carrying amount (shown under current liabilities) that contain repayable on demand clause based on scheduled repayment terms:			
- Within one year	—	—	—
- More than one year but less than five years	272	—	—
- More than five years	212	—	—
	484	—	1,440
Non-current portion			
More than one year but less than five years	—	—	2,943
Total borrowings	484	—	4,383

At 31 December 2017, the unsecured loan represents an interest-free loan with the proceeds of approximately HK$583,000 received from the government of Macau SAR on 24 October 2017. The loan is repayable in full on 24 October 2025. Using prevailing market interest rates for an equivalent loan of 2.19%, the fair value of the loan is estimated at approximately HK$482,000 on initial recognition. The difference of approximately HK$101,000 between the proceeds and the fair value of the unsecured loan represent the benefit derived from the interest-free element and is recognised as government grants in profit or loss (see Note 31 to the Historical Financial Information).

At 30 April 2019, the secured bank borrowing is interest-bearing at the Macau Commercial bank prime lending rate minus 1% per annum and is guaranteed by Mr. Choi and secured by certain motor vehicles of the Group with the carrying amounts of approximately HK$10,951,000 (Note 16 to the Historical Financial Information).

On 16 October 2018, the Group has early repaid its unsecured loan with principal amount of approximately HK$583,000 with the carrying amount of approximately HK$494,000. As such, the Group recognised a loss on early repayment of unsecured loan of approximately HK$89,000 during the year ended 31 December 2018.

The Group's unsecured loan and secured bank borrowing are denominated in MOP and HK$ respectively.

25. SHARE CAPITAL

Prior to the completion of the Reorganisation, the share capital represents the issued share capital/paid up capital of the subsidiaries now comprising the Group.

The Company

The Company was incorporated on 18 December 2018 with an authorised share capital of 38,000,000 ordinary shares of HK$0.01 each.

On the 18 December 2018, the Company issued 1 ordinary share at par value of HK$0.01.

26. RESERVES

The amount of the Group's reserve and the movements therein for the Track Record Period are presented in the consolidated statements of changes in equity of the Historical Financial Information.

Merger reserve

Merger reserve of the Group represents the difference between the nominal value of the share capital of the subsidiaries acquired as a result of the Reorganisation as fully explained in the paragraph headed "History, development and Reorganisation — Reorganisation" in this prospectus and the consideration in exchange thereof.

Statutory reserve

In accordance with the relevant laws and regulation provided in Macau and the PRC, the Group's subsidiaries in Macau and the PRC are required to appropriate 25% and 10% of their profit for the year, as determined in accordance with the generally accepted accounting principles of Macau and PRC respectively, to the statutory reserve, until the statutory reserve balance of that subsidiary equals 50% of that quota capital and the registered capital respectively. The appropriation to statutory reserve must to be made before the distribution of dividends to its shareholders. This reserve is not distributable to its shareholders.

The statutory reserve of PRC subsidiary can be used to offset previous years' losses or to increase capital.

Translation reserve

Translation reserve of the Group represents the exchange difference on translation of financial statements of the entities with functional currencies other than HK$.

27. SIGNIFICANT TRANSACTION WITH NON-CONTROLLING INTERESTS

On 15 March 2017, Ying Hai Tourism (Macau) and 榮譽企業管理諮詢有限公司 (transliterated into "Honour Corporate Management Consulting Limited") (the "**Vendor**") has entered into a share transfer agreement, pursuant to which Ying Hai Tourism (Macau) has agreed to acquire and the Vendor has agreed to sell, the entire registered capital of Zhuhai Ying Hai at a cash consideration of RMB1,500,000 (equivalent to approximately HK$1,698,000), which represent the initial capital injection into Zhuhai Ying Hai by the Vendor (the "**Acquisition**"). Zhuhai Ying Hai was principally engaged in provision of enterprise consultation services in the PRC.

The completion of the amendment of National Enterprise Credit Information of wholly foreign owned enterprise at the State Administration for Industry and Commerce of the PRC took place on 17 March 2017. As stated in the share transfer agreement, the Vendor has agreed to surrender its rights as shareholder of Zhuhai Ying Hai on 27 February 2017.

The Vendor is a company incorporated in Macau with limited liability by quotas and its equity interests are 70% and 30% held by Mr. Choi, who is the controlling shareholder of the Group and Mr. Leong Tat Meng respectively. Prior to the Acquisition, the Group deemed to have control over Zhuhai Ying Hai and Zhuhai Ying Hai was accounted for as a non-wholly owned subsidiary of the Group. As a result of the Acquisition, Zhuhai Ying Hai becomes an indirect wholly owned subsidiary of the Group.

The Group had accounted for 70% and 30% of the cash consideration of RMB1,050,000 and RMB450,000 (equivalent to approximately HK$1,189,000 and HK$509,000) respectively as consideration paid to controlling shareholder for consolidating 70% equity interest of Zhuhai Ying Hai under the Group and as consideration paid to non-controlling interest for acquiring additional 30% equity interest of Zhuhai Ying Hai respectively.

The Group recognised (i) a decrease in combined share capital of the Group of approximately HK$1,255,000 and an increase in translation reserve of approximately HK$66,000 as a result of consolidating Zhuhai Ying Hai; and (ii) a decrease in non-controlling interest of approximately HK$305,000 and a decrease in equity attributable to owner of the Company of approximately HK$204,000 as a result of the acquisition of additional interest in Zhuhai Ying Hai.

28. OPERATING LEASE COMMITMENTS

The Group as lessor

The Group leases certain of its motor vehicles under operating lease arrangements, with leases negotiated for terms ranging from 3 months to 5 years during the Track Record Period.

At the end of the reporting period, the Group had total future minimum lease receivables under non-cancellable operating leases falling due as follows:

	At 31 December		At 30 April
	2017	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*
Within one year	1,412	2,215	1,763
In the second to fifth years, inclusive	3,150	2,490	2,190
	4,562	4,705	3,953

The Group as lessee

The Group leases a number of properties, carparking spaces and licenses under operating lease arrangements. Leases for these assets are negotiated for terms ranging from 1 to 4 years.

At the end of the reporting period, the Group had commitment for future minimum lease payments under non-cancellable operating leases falling due as follows:

	At 31 December		At 30 April
	2017	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*
Within one year	612	1,824	—
In the second to fifth years, inclusive	575	1,284	—
	1,187	3,108	—

The Group does not have an option to purchase the leased assets at the expiry of the lease period.

Upon initial application of HKFRS 16 on 1 January 2019, the Group recognised lease liabilities of the future lease payments discounted at the interest rate implicit to the leases. Under the modified retrospective approach, comparative information is not restated.

29. MATERIAL RELATED PARTY TRANSACTIONS

(a) Save as disclosed elsewhere in the Historical Financial Statements, the Group entered into the following transactions with related parties:

	Years ended 31 December		Four months ended 30 April	
	2017	**2018**	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000* *(unaudited)*	*HK$'000*
Disposal of property, plant and equipment to a related party				
— Ms. Wong Pui Keng *(i)*	—	2,050	—	—
Purchase from a related company				
— Tak Chun Gaming Promotion Company Limited ("**Tak Chun**") *(ii)*	6,087	4,340	1,175	446
Revenue generate from a related company				
— Tak Chun *(ii)*	2,834	4,644	1,738	1,626

Notes:

(i) Ms. Wong Pui Keng is the spouse of Mr. Choi.

(ii) Ms. Wong Pui Keng is a director of Tak Chun throughout the Track Record Period.

Mr. Choi had provided personal guarantees in respect of the Group's borrowings and general banking facilities without any charge. Except for the personal guarantee in relation to the Group's secured bank borrowing with the carrying amount of approximately HK$4,383,000 as at 30 April 2019, all other personal guarantees had been released during the Track Record Period. The directors represent that the personal guarantee in relation to the Group's secured bank borrowing will be released prior to or upon the listing.

Mr. Leong Tat Meng had pledged his property and provided personal guarantee in respect of the Group's general banking facilities without any charge. The pledge of asset and the personal guarantee had been released during the Track Record Period.

(b) Compensation of key management personnel of the Group, including directors' remuneration as disclosed in Note 12 to the Historical Financial Information, is as follows:

	Years ended 31 December		Four months ended 30 April	
	2017	**2018**	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
			(unaudited)	
Salaries, allowance and benefits in kind	687	1,068	388	642
Retirement benefit scheme contributions	2	3	1	7
	689	1,071	389	649

(c) Details of the balance with related parties at the end of each reporting period are set out in Notes 19, 20 and 23 to the Historical Financial Information.

30. RETIREMENT BENEFIT SCHEME

The Group operates MPF Scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance. Under the MPF Scheme, employees are required to contribute 5% of their monthly salaries or up to a maximum of HK$1,500 and they can choose to make additional contributions. Employers monthly contributions are calculated at 5% of the employee's monthly salaries or up to a maximum of HK$1,500 (the "**mandatory contributions**"). Employees are entitled to 100% of the employer's mandatory contributions upon their retirement at the age of 65, death or total incapacity.

The retirement benefits scheme contributions arising from the MPF Scheme charged to profit or loss represent contributions paid or payable to the funds by the Group at rates specified in the rules of the schemes.

The employees of the Group's subsidiaries in Macau and the PRC are members of state-managed retirement benefit schemes operated by the Macau and PRC government. The Group is required to contribute a certain percentage of its payroll to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefit schemes is to make the required contributions under the scheme.

31. GOVERNMENT GRANTS

On 24 October 2017, the Group received a government grant of approximately HK$41,000 and an unsecured loan with the proceeds of approximately HK$583,000 in relation to the economic losses caused by Typhoon Hato to the small and medium enterprises operating in Macau during August 2017.

The government grant of approximately HK$41,000 was intended to provide immediate financial support to the Group with no future related costs are recognised in profit or loss during the year ended 31 December 2017.

The unsecured loan is interest-free and repayable according to the scheduled repayment terms with a repayable on demand clause. The unsecured loan is initially measured at fair value of approximately HK$482,000. The benefit derived from the interest-free element of approximately HK$101,000, represents the difference between the proceeds and the fair value of the loan on initial recognition, is recognised as government grant in profit or loss. Subsequent to initial recognition, the unsecured loan is measured at amortised cost using the effective interest method.

The unsecured loan is guaranteed by Mr. Choi and an employee of the Group.

There were no unfulfilled conditions or contingencies relating to these government grants.

32. NON-CONTROLLING INTERESTS

The directors consider that the non-controlling interests of the Group during the Track Record Period were insignificant of the Group and thus are not separately presented in the Historical Financial Information. In addition, no separate financial information of the non-wholly owned subsidiary is required.

33. MAJOR NON-CASH TRANSACTIONS

The Group entered into the following major non-cash investing financing activities which are not reflected in the consolidated statements of cash flows:

During the year ended 31 December 2017, the Group acquired Zhuhai Ying Hai at a consideration of RMB1,500,000 (equivalent to approximately HK$1,698,000), the consideration was settled by Mr. Choi and is included in amount due from a director.

During the year ended 31 December 2018, the Group acquired certain property, plant and equipment at a consideration of HK$505,000, of which the consideration was paid during the year ended 31 December 2016.

During the year ended 31 December 2018, the Group disposed of one of its property, plant and equipment at a consideration of HK$2,050,000, of which the consideration was received during the year ended 31 December 2017.

During the year ended 31 December 2018, dividend declared by the Company's subsidiary amounted to approximately HK$874,000, was settled against amounts due from related companies and amount due from a director.

During the four months ended 30 April 2019, dividend declared by the Company amount to approximately HK$8,891,000, was settled against amount due from immediate holding company.

34. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statements of cash flows as cash flows from financing activities.

	Interest payable	**Lease liabilities**	**Borrowings**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2017	—	—	—	—
Financing cash flows	—	—	583	583
Finance costs	—	—	2	2
Government grant	—	—	(101)	(101)
At 31 December 2017 and at 1 January 2018	—	—	484	484
Financing cash flows	—	—	(583)	(583)
Finance costs	—	—	10	10
Loss on early repayment of unsecured loan	—	—	89	89
At 31 December 2018	—	—	—	—
Application of HKFRS 16	7	2,951	—	2,968
At 1 January 2019 (as restated)	7	2,951	—	2,958
Financing cash flows	(49)	(545)	4,383	3,789
Finance costs	48	—	—	48
Foreign exchange translation	—	(6)	—	(6)
At 30 April 2019	6	2,400	4,383	6,789
At 1 January 2018	—	—	484	484
Finance costs	—	—	3	3
At 30 April 2018 (unaudited)	—	—	487	487

35. EVENTS AFTER THE REPORTING PERIOD

On 3 September 2019, the authorised share capital of the Company was increased from HK$380,000 divided into 38,000,000 shares to HK$120,000,000 divided into 12,000,000,000 shares by the creation of additional 11,962,000,000 shares.

36. COMPARATIVE INFORMATION

The Group has initially applied HKFRS 9 and HKFRS 16 on 1 January 2018 and 2019 respectively. Under the transition method, comparatives information is not restated unless otherwise indicated. Further details of the changes in according policies are disclosed in Note 3 to the Historical Financial Information.

37. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statement of the Company or any of its subsidiaries in respect of any period subsequent to 30 April 2019.