

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

## **YING HAI GROUP HOLDINGS COMPANY LIMITED**

**瀛海集團控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8668)**

### **FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2023**

The board (the “**Board**”) of directors (the “**Directors**”) of Ying Hai Group Holdings Company Limited (the “**Company**”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (together, the “**Group**”) for the three months ended 31 March 2023. This announcement, which contains the full text of the first quarterly report of the Company for the three months ended 31 March 2023 (the “**First Quarterly Report**”), complies with the relevant requirements of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) in relation to information of the preliminary announcement of quarterly results. Printed version of the First Quarterly Report will be despatched to the shareholders of the Company and available for viewing on the Stock Exchange’s website at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company’s website at [www.yinghaiholding.com](http://www.yinghaiholding.com) on the date of this announcement.

By order of the Board

**Ying Hai Group Holdings Company Limited**

**Zou Shuer**

*Chairman, Chief Executive Officer and Executive Director*

Hong Kong, 15 May 2023

*As at the date of this announcement, the executive Director is Ms. Zou Shuer; and the independent non-executive Directors are Mr. Sou Sio Kei, Mr. Rodrigues Cesar Ernesto and Mr. Hu Chung Ming.*

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

*This announcement will remain on the “Latest Company Announcements” page of the Stock Exchange’s website at [www.hkexnews.hk](http://www.hkexnews.hk) for at least seven days from the date of its publication. This announcement will also be published on the Company’s website at [www.yinghaiholding.com](http://www.yinghaiholding.com).*

## **CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")**

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

*Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.*

*This report, for which the directors (collectively the "Directors" or individually a "Director") of Ying Hai Group Holdings Company Limited (the "Company", together with its subsidiaries, the "Group", "we", "our" or "us") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

# CONTENTS



<b>2</b>	Financial Highlights
<b>3</b>	Unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income
<b>4</b>	Unaudited Condensed Consolidated Statement of Changes in Equity
<b>6</b>	Notes to the Unaudited Condensed Consolidated Financial Statements
<b>11</b>	Management Discussion and Analysis

## Financial Highlights

The Group recorded an unaudited revenue of approximately HK\$15.4 million for the three months ended 31 March 2023 (three months ended 31 March 2022: approximately HK\$3.8 million), representing a significant increase of approximately HK\$11.6 million or 305.3%.

The Group recorded an unaudited profit for the period attributable to the owners of the Company of approximately HK\$2.3 million for the three months ended 31 March 2023 (three months ended 31 March 2022: unaudited loss for the period attributable to the owners of the Company of approximately HK\$4.2 million).

The basic and diluted earning per share attributable to the owners of the Company for the three months ended 31 March 2023 was HK0.19 cents (three months ended 31 March 2022: the basic and diluted loss per share attributable to the owners of the Company of HK0.35 cents).

The board of Directors (the “**Board**”) resolved not to recommend payment of an interim dividend for the three months ended 31 March 2023 (three months ended 31 March 2022: nil).

# Unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income

For the three months ended 31 March 2023

The Board is pleased to present the unaudited condensed consolidated results of the Group for the three months ended 31 March 2023, together with the unaudited comparative figures for the respective corresponding period of 2022 as follows:

	Notes	For the three months ended 31 March	
		2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
<b>Revenue</b>	3	<b>15,361</b>	3,775
Cost of sales		<b>(10,173)</b>	(4,175)
Gross profit/(loss)		<b>5,188</b>	(400)
Other gain and income	4	<b>88</b>	462
Administrative expenses		<b>(2,879)</b>	(4,182)
Share result of associate		<b>8</b>	—
Finance costs	5	<b>(73)</b>	(99)
<b>Profit/(loss) before tax</b>	6	<b>2,332</b>	(4,219)
Income tax expenses	7	<b>—</b>	—
<b>Profit/(loss) for the period</b>		<b>2,332</b>	(4,219)
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of financial statements		<b>92</b>	28
<b>Total comprehensive profit/(loss) for the period</b>		<b>2,424</b>	(4,191)
<b>Profit/(loss) for the period attributable to owner of the Company</b>		<b>2,332</b>	(4,219)
<b>Total comprehensive income/(loss) for the period attributable to owners of the Company</b>		<b>2,424</b>	(4,191)
<b>Earnings/(loss) per share:</b>			
Basic and diluted	8	<b>HK0.19 cents</b>	HK(0.35) cents

Details of the dividend declared are disclosed in note 9 to the unaudited condensed consolidated financial statements.

# Unaudited Condensed Consolidated Statement of Changes in Equity

For the three months ended 31 March 2023

	Share capital HK\$'000	Share premium HK\$'000 (Note (a))	Merger reserve HK\$'000 (Note (b))	Statutory reserve HK\$'000 (Note (c))	Translation reserve HK\$'000 (Note (d))	Accumulated losses HK\$'000	Total HK\$'000
At 1 January 2022 (audited)	12,000	50,302	3,011	801	255	(18,104)	48,265
Loss for the period	—	—	—	—	—	(4,219)	(4,219)
Other comprehensive income:							
Exchange differences arising from translation of financial statements	—	—	—	—	28	—	28
Total comprehensive income/ (loss) for the period	—	—	—	—	28	(4,219)	(4,191)
At 31 March 2022 (unaudited)	12,000	50,302	3,011	801	283	(22,323)	44,074
At 1 January 2023 (audited)	12,000	50,302	3,011	801	191	(30,184)	36,121
Profit for the period	—	—	—	—	—	2,332	2,332
Other comprehensive income:							
Exchange differences arising from translation of financial statements	—	—	—	—	92	—	92
Total comprehensive income for the period	—	—	—	—	92	2,332	2,424
At 31 March 2023 (unaudited)	12,000	50,302	3,011	801	283	(27,852)	38,545

## Unaudited Condensed Consolidated Statement of Changes in Equity

For the three months ended 31 March 2023

Notes:

**(a) Share premium**

The share premium represents the differences between par value of the shares of the Company and proceeds received from the issuance of the shares of the Company which is governed by the Companies Act of the Cayman Islands.

**(b) Merger reserve**

Merger reserve of the Group represents the difference between the nominal value of the share capital of the subsidiaries acquired pursuant to the reorganisation carried out by the Group as fully explained in paragraph headed "History, development and Reorganisation — Reorganisation" in the prospectus of the Company dated 13 September 2019 (the "**Prospectus**") and the nominal value of the share capital of the Company issued in exchange thereof.

**(c) 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 to 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.

**(d) 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\$.

# Notes to the Unaudited Condensed Consolidated Financial Statements

## 1. GENERAL INFORMATION

Ying Hai Group Holdings Company Limited (the “**Company**”) was incorporated in the Cayman Islands on 18 December 2018 as an exempted company with limited liability under the Companies Act (as revised) of the Cayman Islands. The shares of the Company (the “**Shares**”) were listed on GEM of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**Listing**”) by the way of share offer (the “**Share Offer**”) on 26 September 2019 (the “**Listing Date**”). The address of the Company’s registered office is Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1- 1108, Cayman Islands. The principal place of business of the Company is Room 506, 5/F, Peninsula Centre 67 Mody Road, Tsim Sha Tsui, Hong Kong. The Company’s immediate and ultimate holding company is Silver Esteem Limited (the “**Silver Esteem**”), a company incorporated in the British Virgin Islands (“**BVI**”) with limited liability and is wholly owned by Mr. Choi Wai Chan (“**Mr. Choi**”).

The Company is an investment holding company and its subsidiaries (collectively referred to as the “**Group**”) are principally engaged in sales and distribution of hotel rooms and air tickets, sales and provision of ancillary travel-related products and services, provision of car rental services in Macau, cross-border car rental services between Macau and Hong Kong and investment in concert.

The unaudited condensed consolidated financial statements are presented in Hong Kong Dollars (“**HK\$**”) which is the functional currency of the Company. The unaudited condensed consolidated financial statements are presented in the nearest thousand (HK\$’000) unless otherwise stated.

## 2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements for the three months ended 31 March 2023 have been prepared in accordance with Hong Kong Accounting Standard 34 “*interim Financial Reporting*” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the applicable disclosures required by the GEM Listing Rules. The unaudited condensed consolidated financial statements for the three months ended 31 March 2023 have been prepared under the historical cost convention except for certain financial instruments that were measured at fair value at the end of each reporting period.

The unaudited condensed consolidated financial statements for the three months ended 31 March 2023 do not include all information and disclosures as required in the annual consolidated financial statements and should be read in conjunction with the Company’s audited consolidated financial statements for the year ended 31 December 2022, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the HKICPA, as set out in the Company’s annual report dated 24 March 2023.

The accounting policies that have been used in the preparation of the unaudited condensed consolidated financial statements for the three months ended 31 March 2023 are consistent with those used in the preparation of the Company’s audited consolidated financial statements for the year ended 31 December 2022 except for the adoption of the new standards, amendments to standards and interpretations issued by the HKICPA that are effective for the annual periods beginning on 1 January 2023.

For the three months ended 31 March 2023, the Group has applied all new and revised HKFRSs issued by the HKICPA that are effective for the Group’s financial year beginning on or after 1 January 2023. The application of the new and revised HKFRSs has had no material effect on the amounts reported and/or the disclosures set out in the unaudited condensed consolidated financial statements for the three months ended 31 March 2023.

The unaudited condensed consolidated financial statements for the three months ended 31 March 2023 have not been audited by the Company’s auditors but have been reviewed by the Company’s audit committee.



## Notes to the Unaudited Condensed Consolidated Financial Statements

### 3. REVENUE AND SEGMENT INFORMATION

	For the three months ended 31 March	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Sales and provision of hotel rooms, air tickets and other ancillary travel-related products and services	13,305	2,791
Provision of car rental services	2,056	984
	15,361	3,775

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 focusing 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 three (three months ended 31 March 2022: three) 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.

#### (iii) Concert business

The concert business represents the investment in concert in PRC.

## Notes to the Unaudited Condensed Consolidated Financial Statements

### 3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

#### Segment revenue and results

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

For the three months ended 31 March 2023 (unaudited)

	Travel Business HK\$'000 (Unaudited)	Vehicle business HK\$'000 (Unaudited)	Concert business HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
<b>Reportable segment revenue</b>	13,305	2,056	—	15,361
<b>Reportable segment results</b>	3,140	(231)	—	2,909
Interest income				4
Government grants				40
Share of profit of associate				8
Unallocated income and expenses				(629)
<b>Profit before tax</b>				2,332

For the three months ended 31 March 2022 (unaudited)

	Travel Business HK\$'000 (Unaudited)	Vehicle business HK\$'000 (Unaudited)	Concert business HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
<b>Reportable segment revenue</b>	2,791	984	—	3,775
<b>Reportable segment results</b>	(3,197)	(1,534)	—	(4,731)
Interest income				7
Government grants				125
Share of profit of associate				—
Unallocated income and expenses				380
<b>Loss before tax</b>				(4,219)

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

## Notes to the Unaudited Condensed Consolidated Financial Statements

## 4. OTHER GAIN AND INCOME

	For the three months ended 31 March	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Interest income	4	7
Government grants	40	125
Sundry income	44	330
	<b>88</b>	<b>462</b>

## 5. FINANCE COSTS

	For the three months ended 31 March	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Interest on lease liabilities	39	42
Interest on bank borrowing	34	57
	<b>73</b>	<b>99</b>

## 6. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived at after charging/(crediting):

	For the three months ended 31 March	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Depreciation of property, plant and equipment	855	1,156
Impairment reversal on trade and other receivables, net	—	(456)
Lease payment under operating lease in respect of leased assets	111	175
Employee benefit expenses (including directors' remuneration):	2,097	2,938
– Salaries, allowances and benefits in kind	2,007	2,804
– Retirement benefit scheme contribution	90	134

## Notes to the Unaudited Condensed Consolidated Financial Statements

### 7. INCOME TAX EXPENSES

Macau Complementary Tax are calculated at 12% of the estimated assessable profits for both periods. PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% for both periods.

No provision for Macau complementation Tax, Hong Kong Profits Tax and PRC Enterprise Income Tax have been made as there is no assessable profits for the three-months ended 31 March 2023.

Taxation arising in other jurisdictions is calculated at the rate prevailing in the relevant jurisdictions.

### 8. EARNINGS/(LOSS) PER SHARE

The calculation of the basic and diluted earnings/(loss) per share attributable to the owners of the Company is based on the following data:

	For the three months ended 31 March	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
<b>Profit/(loss)</b>		
Profit/(loss) for the purpose of basic and diluted loss per share loss for the period attributable to owners of the Company	2,332	(4,219)
	'000	'000
<b>Number of shares</b>		
Weighted average number of shares for the purpose of calculating basic and diluted loss per share	1,200,000	1,200,000

Diluted earnings/(loss) per share were same as the basic earnings/(loss) per share as there were no potential dilutive ordinary shares in issue.

### 9. DIVIDEND

No dividend has been paid or declared or proposed to be paid or declared by the Company for the three months ended 31 March 2023 (for the three months ended 31 March 2022: Nil).

# Management Discussion and Analysis

## BUSINESS REVIEW AND PROSPECTS

The Company has successfully listed its shares (the “Shares”) on GEM of the Stock Exchange (the “Listing”) on 26 September 2019 (the “Listing Date”).

The Group is a licensed travel agent that primarily focuses on the provision of travel services and a car rental services provider in Macau, the PRC and Hong Kong. The Group derived its revenue from (i) sales and distribution of hotel rooms and air tickets; (ii) sales and provision of ancillary travel-related products and services; (iii) provision of car rental services in Macau; (iv) cross-border car rental services between Macau and Hong Kong; and (v) investment in concert.

Since the emergence of the outbreak of COVID-19 pandemic (the “Pandemic”) in 2020, the travel industry of Macau had been significantly hit and our business and financial performance had been adversely affected. With the easing of the Pandemic and the relaxation of travel restrictions and stringent anti-epidemic measures (the “Relaxation Policy”) for the first quarter of 2023, the number of visitors going to Macau increased and hence the business and financial performance of the Group have been improved for the three months ended 31 March 2023. The Directors will continue to closely monitor the Group’s risks and opportunities brought by the Relaxation Policy.

Apart from the business in Macau, the Group has explored the business in Hong Kong. On 22 March 2023, a subsidiary of the Company, namely Ying Hai Tourism Company Limited (瀛海旅遊有限公司), obtained a Travel Agent Licence (旅行代理商牌照) in Hong Kong issued by the Travel Industry Authority (旅遊業監管局).

The Group’s strategic objective is to strengthen its established market position in the Macau’s travel industry in order to generate profits and investment returns for the Company’s shareholders and drive sustainable growth in the future. To do so, the Group plans to strategically look for opportunities to cooperate with more hotel operators, other travel agents and corporate customers in Macau. The Group intends to enter into agreements with more hotel operators to include mid and high-tier hotel rooms with a view to increase the number of hotel rooms and to expand its hotel base so as to attract business travellers and high spending customers and to increase the Group’s market share, and thereby generate a higher sales volume and higher revenue from the Group’s other services, such as car rental services. Also, the Group will consider to expand the tourism business to the PRC. When the appropriate opportunity arises and tap into other business opportunities so as to expand the source of revenue in addition to sales of hotel rooms and vehicle leasing of the Group to capture income sources related to the tourism industry in Macau. The Group believes that this can bring synergy to its existing travel business of sales and distribution of hotel rooms and car rental services.

## Management Discussion and Analysis

In addition, as disclosed in the Company's announcement dated 3 May 2021 (the "**Announcement**"), the Group entered into a cooperation agreement with a concert promoter (the "**Concert Promotor**") for cooperating the organisation and sponsoring eight singing concerts (the "**Singing Concerts**") to be held in the PRC by a well-known singing artist (the "**Artist**"). The eight concerts were originally scheduled to be held in Beijing, Shenzhen, Shanghai and Chengdu of the PRC from August 2021 to November 2021. However, due to the Pandemic in the PRC and the stringent anti-epidemic measures imposed by the PRC government at the material time, the concerts were originally postponed to the last quarter of 2022. Based on the Company's previous discussions with the Concert Promoter in late December 2022, the Company understood that the rescheduled concerts were further postponed to May to August 2023 (subject to further amendment depending on factors such as availability of venues) due to the number of confirmed cases in the PRC in the last quarter of 2022. Based on the Company's latest discussions with the Concert Promoter, the Company understood that, as of the date of this report, the first concert was confirmed to be held in Beijing and the tickets were on sale.

### FINANCIAL REVIEW

#### Revenue

The Group's revenue increased significantly by approximately 305.3% from approximately HK\$3.8 million for the three months ended 31 March 2022 to approximately HK\$15.4 million for the three months ended 31 March 2023. The significant increase in revenue was mainly attributable to the increase in revenue generated from the sales and distribution of hotel rooms and the provision of car rental services.

#### Cost of sales

The Group's cost of sales mainly comprised (i) cost of hotel rooms; (ii) distribution service fees; and (iii) cost of car rental services. For the three months ended 31 March 2022 and 2023, the cost of sales amounted to approximately HK\$4.2 million and HK\$10.2 million, respectively, representing an increase of approximately 142.9% as compared to that of the previous period. Such increase was mainly driven by the increase in revenue from the sales and distribution of hotel rooms and the provision of car rental services.

## Management Discussion and Analysis

### Gross profit/(loss)

The Group's gross profit for the three months ended 31 March 2023 amounted to approximately HK\$5.2 million, as compared to a gross loss of approximately HK\$0.4 million for the three months ended 31 March 2022, which is mainly due to the Relaxation Policy for the first quarter of 2023, which led to the increase in the number of visitors going to Macau and hence the business and financial performance of the Group for the three months ended 31 March 2023.

### Other gain and income

The Group's other gain and income decreased from approximately HK\$0.5 million for the three months ended 31 March 2022 to approximately HK\$0.1 million for the three months ended 31 March 2023. The decrease in other gain and income was mainly due to the decrease in sundry income and government grants received during the three months ended 31 March 2023.

### Administrative expenses

The Group's administrative expenses mainly comprised employee benefits expenses, depreciation expenses, rental and related expenses, office expenses, motor vehicle expenses, professional fees and advertising and promotion expenses. The Group's administrative expenses decreased from approximately HK\$4.2 million for the three months ended 31 March 2022 to approximately HK\$2.9 million for the three months ended 31 March 2023, representing a decrease of approximately 31.0%. The decrease in administrative expenses was mainly attributable to the decrease in employee benefits expenses and depreciation expenses during the three months ended 31 March 2023.

### Income tax expenses

There were no income tax expenses for the Group for the three months ended 31 March 2022 and 2023, which is mainly due to no taxable profit for both periods.

### Finance costs

The Group's finance costs remained stable at approximately HK\$0.1 million for the three months ended 31 March 2022 and 2023, respectively.

### Profit for the period

The Group's profit for the three months ended 31 March 2023 amount to approximately HK\$2.3 million, as compared to a loss for the three months ended 31 March 2022 of approximately HK\$4.2 million, which was mainly due to the Relaxation Policy for the first quarter of 2023, which led to the increase in the number of visitors going to Macau and hence the business and financial performance of the Group have been improved for the three months ended 31 March 2023.

## Management Discussion and Analysis

### Use of net proceeds from the Listing

The net proceeds (the “**Net Proceeds**”) from the Listing, after deducting the actual underwriting fees and expenses paid by the Company, amounted to approximately HK\$39.3 million. The intended use of proceeds were more particularly set out in the section headed “Future Plans and Use of Proceeds” in the prospectus of the Company dated 13 September 2019 (the “**Prospectus**”) and subsequently the Board resolved to revise the intended use of proceeds on 3 May 2021, which was disclosed in the Announcement. The particulars of the use of proceeds from the Listing Date up to 31 March 2023 are set forth below:

	Adjusted use of Net Proceeds as stated in the Announcement (HK\$'000)	Actual amount of Net Proceeds utilised from the Listing Date to 31 December 2022 (HK\$'000)	The amount of Net Proceeds utilized during the three months ended 31 March 2023 (HK\$'000)	Actual amount of Net Proceeds utilised as at 31 March 2023 (HK\$'000)	Unutilised amount of the Net Proceeds as at 31 March 2023 (HK\$'000)	Expected timeline for the intended use of the unutilised Net proceeds (HK\$'000)
Expansion of car fleet	3,965	3,965	—	3,965	—	—
Corporate with more hotel	6,480	2,286	272	2,558	3,922	December 2023
Increase our marketing and expansion of our sales channel	2,319	2,319	—	2,319	—	—
Improve the efficiency of our operation	1,485	1,485	—	1,485	—	—
Expand our workforce	824	824	—	824	—	—
General working capital	1,080	1,080	—	1,080	—	—
Cooperating with the organizer of singing concerts	22,186	22,186	—	22,186	—	—
Expansion of tourism business to the PRC	957	957	—	957	—	—
Total	39,296	35,102	272	35,374	3,922	

As disclosed in the Announcement, the Group’s financial performance and condition were affected by the Pandemic since 2020. In view of the adverse impact of the Pandemic on the Group’s business, the Board resolved to adjust the business strategies in order to diversify business operations risk and to cope with the economic uncertainty in the future by reallocating the unutilised Net Proceeds from the Listing. For further details in relation to the reallocation, please refer to the Announcement.

In addition, due to the prolonged disruption of the Pandemic to the Group’s business operations previously, the unutilised Net Proceeds from the Listing could not be fully utilised as at 31 March 2023. Following the Relaxation Policy, the Group intends to utilise the unutilised Net Proceeds from the Listing as soon as practicable by 31 December 2023, depending on the development and impact of the prevailing economic conditions of Macau on the Group’s business operations.

All the unutilised balances have been placed in licensed banks in Macau and Hong Kong.



## Management Discussion and Analysis

### Comparison of business strategies and actual business progress

An analysis comparing the business objectives as set out in the Prospectus with the Group's actual business progress for the period from the Listing Date to the date of this report is set out below:

Business strategies as stated in the Prospectus and the Announcement	Actual business progress up to date of this report
Expand our car fleet	Up to the date of this report, the Group has purchased 11 new motor vehicles for the provision of point-to-point cross-border transportation services and car rental services in Macau. We will consider market demand in Macau to adjust the progress of our expansion plan of car fleet.
Cooperate with more hotel operators	We are in the progress of identifying popular and quality hotels to cooperate with, subject to the control of the Pandemic.
Cooperating with the organiser of singing concerts	As disclosed in the Announcement, we will cooperate with the organiser of singing concerts by sponsoring singing concerts held in the PRC and Macau of well-known stars and artists, subject to market demand in both the PRC and Macau and the development of the Pandemic. In respect of the Singing Concerts, they were originally scheduled to be held from August 2021 to November 2021. Due to the Pandemic in the PRC, the Singing Concerts were further postponed to May to August 2023. Based on the Company's latest discussions with the Concert Promoter, the Company understood that, as of the date of this report, the first concert was confirmed to be held in Beijing and the tickets were on sale.
Expansion of tourism business to the PRC	Reference has been disclosed in the Announcement, the Group plans to expand its tourism business to the PRC in order to diversify its business. The Group has been acquiring a travel agency company in the PRC.

### Principal risks and uncertainties in achieving our business strategies

During the period under review, the Group faced certain risks and uncertainties in achieving our business strategies in accordance with the use of proceeds plan as set out in the Prospectus as follows:

- (1) The Pandemic has severely affected the travel and tourism industry of Macau after the imposition of the travel restrictions by the Macau government and sluggish consumers' sentiment. Despite the Relaxation Policy, there is no assurance that travel restrictions and lock-down in Macau, the PRC and Hong Kong will not resume in the foreseeable future and thus, the Group will strategically adhere to the business plan and will actively search for deals and other business opportunities to stabilise the impact of the Pandemic to the Group's business;
- (2) The Group may fail to find hotel operators with attractive terms to cooperate with to achieve our expansion plans;
- (3) When achieving our business plans, timing is of the essence. The Group may fail to grasp the business trend to determine the optimal time to enter the market or expand our new sales channel; and
- (4) In an increasingly volatile and complex business environment, the Group may face change in consumer behaviour and high competition when we launch our business plan.

## Management Discussion and Analysis

In order to alleviate the above risks and uncertainties in achieving the Group's business strategies, the Group will ensure that its business plans are as resilient as possible to meet these challenges based on market conditions. The Group will carefully look at the business trends as well to determine if there is a strong entrepreneurial environment for us to lean on.

### PRINCIPAL RISKS AND UNCERTAINTIES

The following are the principal risks and uncertainties faced by the Group, which may materially and adversely affect our business, financial condition or results of operations:

1. The Group's business and operation may continue to be seriously affected by the Pandemic or other public health incident, which may cause lock-down, travel restrictions and suspension of work in Macau, the PRC, Hong Kong or elsewhere and closure of casinos in Macau. The number of tourists visiting Macau were severely decrease or remain at low level during the prolonged period of the Pandemic prior to the launch of the Relaxation Policy. Despite the Relaxation Policy was launched in early 2023, there is no assurance that the number of tourists visiting Macau and Macau's economy will recover to the level prior to the Pandemic.
2. The Group's revenue was mainly derived from Macau and the Group's sales performance is susceptible to changes in Macau as well as the PRC policies and economic environment.
3. Customers may delay payment or default payment, yet the Group may be required to pay for the hotel rooms and the Group may bear the cost.
4. The Group's major suppliers might opt to deal with the Group's customers directly, alternatively the Group's travel agent customers may source hotel rooms from each other, thereby bypassing the Group.
5. Historically, the Group's revenue was substantially generated from the sales and distribution of hotel rooms from certain hotel operators in Macau (the "Hotel Operators"), and the Group's business and results of operation may be adversely affected if (i) the Hotel Operators terminate or refuse to renew the relevant agreement or (ii) the renewed terms become less favourable to the Group.
6. The Group is committed to secure a guaranteed number of hotel rooms at pre-determined room rates with various hotels operators. The Group may suffer from a decrease in profits or record a loss from the sales and distribution of the guaranteed hotel rooms if the Group is unable to sell and distribute the hotel rooms at rates higher than its respective pre-determined room rates or if hotels operators reduces the number of hotel rooms sold to the Group.
7. If the Group is unable to obtain and maintain adequate parking spaces at reasonable costs, the Group's growth opportunities may be adversely affected.

### EMPLOYEES AND REMUNERATION POLICY

The Directors believe that employees are an important asset to the Group and the quality of the employees is an important factor in sustaining the Group's business growth and improving its profitability. The Group's remuneration package is structured with reference to the individual performance, working experience and prevailing salary levels in the market. In addition to basic salary and contributions to the mandatory provident fund, staff benefits also include medical insurance scheme and the share option scheme.

## Management Discussion and Analysis

At 31 March 2023, the Group had a total of 75 employees (at 31 March 2022: 94 employees). The Group's staff costs, including Directors' emoluments, amounted to approximately HK\$2.1 million for the three months ended 31 March 2023 (three months ended 31 March 2022: approximately HK\$2.9 million), representing a decrease of approximately 27.6%. The decrease was mainly due to the reduction of number of employees and salaries of certain staff members as a cost control measure. The Group determine the employee's remuneration with reference to prevailing market terms and based on factors such as their performance, qualification and years of experience.

### MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES

There was no material acquisition or disposal of subsidiaries, associate companies or joint ventures during the three months ended 31 March 2023 and up to the date of this report.

### SIGNIFICANT INVESTMENT HELD

As at 31 March 2023, the Group's significant investment comprised financial assets at fair value through profit or loss. The following table sets forth the movement of our financial assets at fair value through profit or loss and its size relative to the Group's total assets as at/for the three months ended 31 March 2023:

For the three months ended/As at 31 March 2023							
Significant Investment	Investment cost HK\$'000	Fair value	Realised	Unrealised	Settlement HK\$'000	Fair value	Percentage of
		at beginning	gain/(loss)	gain/(loss)		at end of	fair value to
		of the period	recognised	recognised		the period	the Group's
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	total assets at end of the period HK\$'000
Financial assets at fair value through profit or loss (Note)	24,069	25,003	—	—	—	25,003	40.1%

*Note:* The financial assets at fair value through profit or loss represented investment in concerts. On 3 May 2021, Ying Hai Entertainment Culture Company Limited (瀛海娛樂文化有限公司), being a wholly-owned subsidiary of the Company, entered into a cooperation agreement (the "Cooperation Agreement") with a concert promoter (the "Concert Promoter") for cooperating the organisation and sponsoring the singing concerts held in the PRC by a well-known singing artist. Pursuant to the Cooperation Agreement, the Group will be entitled to 20% of income, including ticketing and sponsorship income, generated from the concerts while the Concert Promoter will be entitled to 80% of the income generated from the concerts. For further details of the Cooperation Agreement, please refer to the Announcement. To the best knowledge, information and belief of the Directors, the business scope of the Concert Promoter included organising arts and culture exchanges, organising convention and exhibition activities, designing, producing, dealing and distributing advertisement, conducting marketing survey, conducting business planning, importing and exporting of goods and services and providing performing arts brokerage services.

For the latest progress of the concerts and future prospects of our investment in concerts, please refer to the paragraph headed "Management Discussion and Analysis — Business Review and Prospects" in this report.

## Management Discussion and Analysis

### LIQUIDITY AND FINANCIAL RESOURCES

#### Capital structure

There has been no material change in the share capital structure of the Company during the three months ended 31 March 2023.

#### Cash position

At 31 March 2023, the cash and cash equivalents and bank deposits with maturity dates over three months (the “**Total Bank Balances**”) amounted to approximately of HK\$11.3 million (at 31 December 2022: HK\$7.9 million). The decrease was mainly resulted from supporting the Group’s daily business operations during the period under the impact of the Pandemic. Among the Total Bank Balances of HK\$11.3 million at 31 March 2023:

1. approximately of HK\$7.8 million (at 31 December 2022: approximately of HK\$3.4 million) represented cash and cash equivalents of the Group; and
2. approximately HK\$3.5 million (at 31 December 2022: approximately HK\$4.5 million) represented bank deposits with maturity dates over three months of the Group, which were placed in a bank to secure general banking facilities in support of guarantees in favour of the suppliers of the Group and to the Macau government to obtain travel agent licence in Macau.

#### Borrowings and lease liabilities

At 31 March 2023, the total borrowings and lease liabilities of the Group, all of which were denominated in Hong Kong dollars, amounted to approximately HK\$6.1 million (as at 31 December 2022: approximately HK\$7.1 million), and outstanding committed banking facilities amounted to approximately HK\$4.2 million (as at 31 December 2022: approximately HK\$4.2 million). In particular:

1. approximately HK\$3.5 million (at 31 December 2022: HK\$4.2 million) represented the bank borrowings which bore a fixed rate ranging from 2.5% to 4.0% per annum at 31 March 2023 (at 31 December 2022: from 2.5% to 4.0% per annum). The bank borrowings with carrying amount of approximately HK\$1.8 million at 31 March 2023 (at 31 December 2022: approximately HK\$1.8 million) were secured by properties included in the property, plant and equipment with net carrying amount of approximately HK\$2.4 million at 31 March 2023 (at 31 December 2022: approximately HK\$2.4 million); and
2. approximately HK\$2.6 million (at 31 December 2022: approximately HK\$2.9 million) represented lease liabilities of the leases available for use by the Group, carrying an interest rate ranging from 4.3% to 8.0% per annum (at 31 December 2022: ranging from 4.3% to 8.0% per annum).

## Management Discussion and Analysis

### Pledge of assets

At 31 March 2023, the Group's bank deposits with maturity dates over three months with amount of approximately HK\$3.5 million (as at 31 December 2022: approximately HK\$4.0 million), have been pledged to secure general banking facilities granted to the Group and guarantees issued to the suppliers of the Group as general trade deposits and to the Macau government to obtain travel agent licence in Macau.

As 31 March 2023, the Group's has pledged properties with carry amount of approximately HK\$2.4 million (as at 31 December 2022: approximately HK\$2.4 million) to secure bank borrowings with carrying amounts of approximately HK\$1.8 million (as at 31 December 2022: approximately HK\$1.8 million). The properties are the carparking space that located in Macau.

### Gearing ratio

At 31 March 2023, the gearing ratio of the Group was approximately 16.0% (at 31 December 2022: approximately 19.6%). The gearing ratio is calculated based on the bank borrowings, bank overdrafts and lease liabilities divided by the equity attributable to owners of the Company at the end of the respective period.

### DIVIDEND

The Directors resolved not to recommend the payment of an interim dividend for the three months ended 31 March 2023 (for the three months ended 31 March 2022: Nil).

### COMMITMENTS

At 31 March 2023, the Group had capital commitment of approximately HK\$0.8 million (At 31 December 2022: approximately HK\$0.8 million).

### CONTINGENT LIABILITIES

At 31 March 2023, the Group had no significant contingent liabilities (at 31 December 2022: Nil).

### FOREIGN EXCHANGE EXPOSURE

The Group operates in Macau with majority of the transactions being settled in MOP, HK\$ and USD. The Group is not exposed to material foreign exchange risk in respect of HK\$ against MOP and USD as long as these currencies are pegged. The Group considers that there is no significant foreign exchange risk exposed to by the Group in its operation. The Group did not enter into any hedging transactions and did not have any foreign exchange contracts, interest or currency swaps, other financial derivatives or any financial instruments for hedging purposes for the three months ended 31 March 2023.

## Management Discussion and Analysis

### CORPORATE GOVERNANCE PRACTICE

The Board recognises that transparency and accountability are the cornerstones of the Company's corporate governance. Therefore, the Company is committed to maintaining high standards of corporate government in order to uphold the transparency of the Group and safeguard interests of our shareholders. The Company has adopted the Corporate Governance Code (the "CG Code") as set out in Appendix 15 to the GEM Listing Rules. In the opinion of the Board, the Company has in all material respects complied with the CG Code for the three months ended 31 March 2023, except for the deviations of paragraph C.2.1 of part 2 of the CG Code, which is explained in the paragraph below.

### CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Paragraph C.2.1 of part 2 of the CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Ms. Zou Shuer ("Ms. Zou") is the chairman and the chief executive officer of the Company. Considering that Ms. Zou joined the Group in September 2017 and has been overseeing the operation of the Group, the Board is of the opinion that it will be beneficial to the Company and its business to have Ms. Zou taking over the roles of both chairman and chief executive officer for a strong leadership for the Group and can be effective in planning and implementing long-term business strategies. The Board also considers that since the members of the Board include competent and independent non-executive Directors, and this structure would not impair the balance of power and authority between the Board and its management in the business of the Group. Therefore, the Board considers that the deviation from paragraph C.2.1 of part 2 of the CG Code was appropriate in the interest of the Company.

### DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the three months ended 31 March 2023 and up to the date of this report, none of the Directors or the controlling shareholders their close associates (as defined under the GEM Listing Rules) has any interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Shares during the three months ended 31 March 2023 and up to the date of this report.

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

At 31 March 2023, none of the Directors and chief executive of the Company had any interests or short positions in the Shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) which were required to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or as recorded in the register of the Company required to be kept under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules.

## Management Discussion and Analysis

### THE INTERESTS AND SHORT POSITIONS OF THE SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

At 31 March 2023 and so far as is known to the Directors, the following persons had interests and short positions in the Shares or underlying shares of the Company which were required to be notified to the Company under Divisions 2 and 3 of Part XV of the SFO or as recorded in the register of the Company required to be kept under Section 336 of the SFO were as follows:

#### Long positions in the shares

Name of shareholders	Capacity	Number of ordinary shares in interested	Percentage of shareholding
Silver Esteem Limited	Beneficial owner <sup>(Note 1)</sup>	900,000,000	75.0%
Mr. Choi Wai Chan <sup>(Note 1)</sup>	Interest of controlled corporation	900,000,000	75.0%
Ms. Wong Pui Keng	Interest of spouse <sup>(Note 2)</sup>	900,000,000	75.0%

Notes:

- These 900,000,000 Shares were held by Silver Esteem Limited. Silver Esteem Limited is a company incorporated in the British Virgin Islands and is wholly-owned by Mr. Choi Wai Chan. Therefore, Mr. Choi Wai Chan is deemed to be interested in all the Shares held by Silver Esteem Limited for the purposes of the SFO. Mr. Choi Wai Chan is the sole director of Silver Esteem Limited.
- Ms. Wong Pui Keng is the spouse of Mr. Choi Wai Chan. She is deemed to be interested in all the Shares in which Mr. Choi Wai Chan is interested under the SFO.

Save as disclosed above, at 31 March 2023, the Directors were not aware of any interests or short positions of any persons in the Shares or underlying shares of the Company which were required to be disclosed under Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company to be kept under Section 336 of the SFO.

#### SHARE OPTION SCHEME

The Company had adopted a share option scheme (the "Scheme") on 3 September 2019. During the three months ended 31 March 2023 and up to the date of this report, no awards or options had been granted, agreed to be granted, exercised, cancelled, forfeited or lapsed under the Scheme.

## Management Discussion and Analysis

### MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Group has adopted the required standard of dealing, as set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct for securities transactions by the Directors in respect of the Shares. Having made specific enquiry with all the Directors, all Directors have confirmed that they have complied with the required standard of dealing and the code of conduct for securities transactions by the Directors during the three months ended 31 March 2023 and up to the date of this report.

### EVENT AFTER REPORTING PERIOD

The Group had no material events for disclosure subsequent to 31 March 2023 and up to the date of this report.

### AUDIT COMMITTEE

The Company has established an audit committee (the “**Audit Committee**”) with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules and paragraph D.3.3 and D.3.7 of part 2 of the CG Code pursuant to a resolution of the Directors passed on 3 September 2019. Among other things, the primary duties of the Audit Committee are to make recommendations to the Board on the appointment or reappointment and removal of external auditor; review financial statements of the Company and judgments in respect of financial reporting; and oversee the effectiveness of the internal control procedures of the Group. The Audit Committee consists of three independent non-executive Directors, namely Mr. Hu Chung Ming, Mr. Sou Sio Kei and Mr. Rodrigues Cesar Ernesto. Mr. Hu Chung Ming is the chairman of the Audit Committee. The auditor of the Company has not reviewed or audited the condensed consolidated financial statements for the three months ended 31 March 2023 but the Audit Committee has reviewed the unaudited condensed consolidated financial statements for the three months ended 31 March 2023 and is of the opinion that the preparation of the condensed consolidated financial statements for the three months ended 31 March 2023 complies with the applicable accounting standards, the GEM Listing Rules and that adequate disclosures have been made.

By order of the Board

**Ying Hai Group Holdings Company Limited**

**Zou Shuer**

*Chairman, Chief Executive Officer  
and Executive Director*

Hong Kong, 15 May 2023

*At the date of this report, the executive Director is Ms. Zou Shuer; and the independent non-executive Directors are Mr. Hu Chung Ming, Mr. Sou Sio Kei and Mr. Rodrigues Cesar Ernesto.*

*This report will remain on the Stock Exchange’s website at [www.hkexnews.hk](http://www.hkexnews.hk) for at least seven days from the date of its publication. This report will also be published on the Company’s website at [www.yinghaiholding.com](http://www.yinghaiholding.com).*