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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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 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 (collectively referred to as the “**Group**”) for the six months ended 30 June 2023. This announcement, which contains the full text of the interim report of the Company for the six months ended 30 June 2023 (the “**Interim 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 to accompany preliminary announcement of interim results. Printed version of the Interim Report will be despatched to the shareholders of the Company and available for viewing on the websites of the Stock Exchange at www.hkexnews.hk and of the Company at www.yinghaiholding.com on the date of this announcement.

By order of the Board

Ying Hai Group Holdings Company Limited

Choi Wai Chan

Chairman, Chief Executive Officer and Executive Director

Hong Kong, 9 August 2023

As at the date of this announcement, the executive Directors are Mr. Choi Wai Chan and 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 the Rules Governing the Listing of Securities on GEM of the Stock Exchange 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 for at least seven days from the date of its posting. This announcement will also be published on the Company’s website at 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.

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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.

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Financial Highlights

The Group recorded an unaudited revenue of approximately HK\$36.2 million for the six months ended 30 June 2023 (six months ended 30 June 2022: approximately HK\$6.1 million), representing a significant increase of approximately HK\$30.1 million or 493.4%.

The Group recorded an unaudited profit for the period attributable to the owners of the Company of approximately HK\$3.0 million for the six months ended 30 June 2023 (six months ended 30 June 2022: unaudited loss for the period attributable to the owners of the Company of approximately HK\$6.4 million).

The basic and diluted profit per share for the six months ended 30 June 2023 was HK0.25 cents (six months ended 30 June 2022: the basic and diluted loss per share of HK0.53 cents).

The board of Directors (the "**Board**") resolved not to recommend payment of an interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: nil).

Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the three months and six months ended 30 June 2023

The Board is pleased to present the unaudited condensed consolidated results of the Group for the six months ended 30 June 2023, together with the unaudited comparative figures for the respective corresponding period of 2022 as follows:

	Note	For the three months ended 30 June		For the six months ended 30 June	
		2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Revenue	5	20,838	2,348	36,199	6,123
Cost of sales		(16,582)	(2,216)	(26,755)	(6,391)
Gross profit/(gross loss)		4,256	132	9,444	(268)
Other income and gains	6	179	582	267	1,044
Administrative expenses		(3,745)	(2,462)	(6,624)	(6,999)
Impairment loss recognised under expected credit losses model, net		—	(263)	—	92
Share of result of associate		11	—	19	—
Finance costs	7	(63)	(95)	(136)	(194)
Profit/(Loss) before tax	8	638	(2,106)	2,970	(6,325)
Income tax expenses	9	—	(2)	—	(2)
Profit/(Loss) for the period		638	(2,108)	2,970	(6,327)
Other comprehensive (loss)/income					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Exchange differences on translation of financial statements		(6)	(65)	86	(37)
Total comprehensive income/(loss) for the period		632	(2,173)	3,056	(6,364)
Profit/(Loss) for the period attributable to owner of the Company		638	(2,108)	2,970	(6,327)
Total comprehensive income/(loss) for the period attributable to owners of the Company		632	(2,173)	3,056	(6,364)
Earnings/(Loss) per share:					
Basic and diluted	10	HK0.05 cents	HK(0.18) cents	HK0.25 cents	HK(0.53) cents

Details of the dividend declared are disclosed in note 11 to the unaudited condensed consolidated financial statements.

Unaudited Condensed Consolidated Statement of Financial Position

At 30 June 2023

	<i>Note</i>	At 30 June 2023 HK\$'000 (Unaudited)	At 31 December 2022 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	12	6,818	7,653
Investment in an associate		74	55
Deposits and prepayments	14	2,110	2,260
		9,002	9,968
Current assets			
Trade receivables	13	9,542	1,780
Deposits, prepayments and other receivables	14	14,508	4,567
Financial instrument at fair value through profit or loss	15	25,003	25,003
Bank deposits with original maturity over three months		2,948	4,477
Cash and cash equivalents		5,043	3,410
		57,044	39,237
Current liabilities			
Trade and other payables	16	21,651	6,015
Borrowings		1,208	2,497
Lease liabilities		1,121	1,130
		23,980	9,642
Net current assets		33,064	29,595
Total assets less current liabilities		42,066	39,563
Non-current liabilities			
Borrowings		1,646	1,709
Lease liabilities		1,243	1,733
		2,889	3,442
Net assets		39,177	36,121
Capital and reserves			
Share capital	17	12,000	12,000
Reserves		27,177	24,121
Total equity attributable to owners of the Company		39,177	36,121

Unaudited Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 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 equity HK\$'000
At 1 January 2022 (Audited)	12,000	50,302	3,011	801	255	(18,104)	48,265
Loss for the period	—	—	—	—	—	(6,327)	(6,327)
Other comprehensive loss:							
Exchange differences arising from translation of financial statements	—	—	—	—	(37)	—	(37)
Total comprehensive loss for the period	—	—	—	—	(37)	(6,327)	(6,364)
At 30 June 2022 (Unaudited)	12,000	50,302	3,011	801	218	(24,431)	41,901
At 1 January 2023 (Audited)	12,000	50,302	3,011	801	191	(30,184)	36,121
Profit for the period	—	—	—	—	—	2,970	2,970
Other comprehensive income:							
Exchange differences arising from translation of financial statements	—	—	—	—	86	—	86
Total comprehensive income for the period	—	—	—	—	86	2,970	3,056
At 30 June 2023 (Unaudited)	12,000	50,302	3,011	801	277	(27,214)	39,177

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 People's Republic of China (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\$.

Unaudited Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2023

	For the six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Net cash generated from/(used in) operating activities	3,064	(4,529)
Cash flows from investing activities		
Purchase of property, plant and equipment	(220)	(300)
Prepayments for purchase of property, plant and equipment	(850)	—
Proceeds from disposal of property, plant and equipment	—	2,393
Withdrawal of bank deposits with original maturity over three months	1,529	—
Interest received	11	8
Net cash generated from investing activities	470	2,101
Cash flows from financing activities		
Repayment of borrowings	(1,352)	(1,355)
Payment of lease liabilities	(571)	(551)
Interest paid	(64)	(112)
Net cash used in financing activities	(1,987)	(2,018)
Net increase/(decrease) in cash and cash equivalents	1,547	(4,446)
Cash and cash equivalents at the beginning of the period	3,410	8,873
Effect of foreign exchange rate changes	86	(66)
Cash and cash equivalents at the end of the period	5,043	4,361
Analysis:		
Bank balances and cash	5,043	4,361

Notes to the Unaudited Condensed Consolidated Financial Statements

1. GENERAL INFORMATION

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 by the way of share offer (the “**Listing**”) 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 in Hong Kong 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, a company incorporated in the British Virgin Islands with limited liability and is wholly owned by Mr. Choi Wai Chan (“**Mr. Choi**”), who is an executive Director of the Company.

The Company is an investment holding company and its subsidiaries 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 ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 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 disclosure requirements of the GEM Listing Rules. The unaudited condensed consolidated interim financial statements 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 interim financial statements do not include all information and disclosures as required in the annual 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 these unaudited condensed consolidated interim financial statements 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 six months ended 30 June 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 six months ended 30 June 2023.

The unaudited condensed consolidated financial statements for the six months ended 30 June 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

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

Application of Amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2023 for the preparation of the condensed consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 amendments to HKFRS 17)	Insurance Contracts
HKAS 8 (Amendments)	Definition of Accounting Estimates
HKAS 12 (Amendments)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The application of the amendments to HKFRSs in the current period has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these unaudited condensed consolidated financial statements.

3. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks, credit risk, cash flow and fair value interest rate risk and liquidity risk. The unaudited condensed consolidated interim financial statements do not include all financial risk management information and disclosures 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 HKFRSs issued by the HKICPA, as set out in the Company's annual report dated 24 March 2023.

There have been no changes in the risk management policies since 31 December 2022.

3.2 Fair value estimation

The carrying amounts of the Group's current financial assets, including trade receivables, deposits and other receivables, bank deposits with original maturity over three months and cash and cash equivalents, and current financial liabilities, including trade and other payables, borrowings and lease liabilities, approximate their fair values as at the reporting date due to their short maturities. The nominal value less estimated credit adjustments for financial assets and liabilities with maturities of less than one year are assumed to approximate their fair values. The carrying value of non-current lease liabilities is assumed to approximate its fair value as the amount bears interest at commercial rate.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the unaudited condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing the unaudited condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the Company's audited consolidated financial statements for the year ended 31 December 2022, which have been prepared in accordance with HKFRSs issued by the HKICPA, as set out in the Company's annual report dated 24 March 2023.

Notes to the Unaudited Condensed Consolidated Financial Statements

5. REVENUE AND SEGMENT INFORMATION

	For the three months ended 30 June		For the six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Sales and provision of hotel rooms, air tickets and other ancillary travel-related products and services	16,520	1,563	29,825	4,354
Sales of concert tickets	1,114	—	1,114	—
Provision of car rental services	3,204	785	5,260	1,769
	20,838	2,348	36,199	6,123

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.

Based on the internal organisation and reporting structure, the chief operating decision maker considers the Group has three reportable operating segments.

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 and the sponsorship of singing concerts.

(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 sales of concert tickets in Macau and the investment in concert in the PRC.

Notes to the Unaudited Condensed Consolidated Financial Statements

5. 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 six months ended 30 June 2023 (Unaudited)

	Travel business HK\$'000 (Unaudited)	Vehicle business HK\$'000 (Unaudited)	Concert business HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Reportable segment revenue	29,825	5,260	1,114	36,199
Reportable segment results	4,959	(329)	(383)	4,247
Interest income				11
Government grants				49
Share of result of associate				19
Unallocated income and expenses				(1,356)
Profit before tax				2,970

For the six months ended 30 June 2022 (Unaudited)

	Travel business HK\$'000 (Unaudited)	Vehicle business HK\$'000 (Unaudited)	Concert business HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Reportable segment revenue	4,354	1,769	—	6,123
Reportable segment results	(3,280)	(1,980)	—	(5,260)
Interest income				8
Government grants				312
Share of result of associate				—
Unallocated income and expenses				(1,387)
Loss before tax				(6,327)

Reportable segment revenue represents revenue generated from external customers. There were no inter-segment sales during the reporting period.

Segment results represents profit earned by or loss from each segment without allocation of partial other income, government grants, directors' remuneration, partial depreciation, legal and professional fee, share of result of associate, 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.

Notes to the Unaudited Condensed Consolidated Financial Statements

6. OTHER INCOME AND GAINS

	For the three months ended 30 June		For the six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Interest income	7	1	11	8
Exchange gain	17	—	28	—
Government grants	12	187	49	312
Service fee	—	292	—	583
Sundry income	143	102	179	141
	179	582	267	1,044

7. FINANCE COSTS

	For the three months ended 30 June		For the six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Interest on lease liabilities	33	40	72	82
Interest on bank borrowings	30	55	64	112
	63	95	136	194

8. PROFIT/(LOSS) BEFORE TAX

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

	For the three months ended 30 June		For the six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Depreciation of property, plant and equipment	700	417	1,555	1,573
Lease payment under operating lease in respect of leased assets	71	244	182	419
Employee benefit expenses (including Directors' remuneration):				
– Salaries, allowances and benefits in kind	2,933	2,338	4,940	5,142
– Retirement benefit scheme contribution	95	94	185	228

Notes to the Unaudited Condensed Consolidated Financial Statements

9. INCOME TAX EXPENSES

	For the three months ended 30 June		For the six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Current tax:				
– Macau Complementary Tax	—	2	—	2

Macau Complementary Tax are calculated at 12% of the estimated assessable profits for the six months ended 30 June 2023 and 2022.

PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% for the six months ended 30 June 2023 and 2022.

No provision for Macau Complementary Tax, Hong Kong Profits Tax and the PRC Enterprise Income Tax have been made as there is no assessable profits for the six months ended 30 June 2023 (six months ended 30 June 2022: approximately HK\$2,000).

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

10. 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 30 June		For the six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Profit/(Loss)				
Profit/(Loss) for the purpose of basic and diluted earnings/(loss) per share for the period attributable to owners of the Company	638	(2,108)	2,970	(6,327)
Number of shares	'000	'000	'000	'000
Weighted average number of shares for the purpose of calculating basic and diluted earnings/(loss) per share	1,200,000	1,200,000	1,200,000	1,200,000

For the six months ended 30 June 2023 and 2022, the weighted average number of ordinary shares for the purpose of calculating basic earnings/(loss) per share have been adjusted for the effect of the share offer completed on the Listing Date.

Diluted earnings/(loss) per share were the same as the basic earnings/(loss) per share as the Company did not have potential dilutive ordinary shares for the six months ended 30 June 2023 and 2022.

Notes to the Unaudited Condensed Consolidated Financial Statements

11. DIVIDEND

The Directors do not recommend to declare or propose interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: nil).

12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2023, the Group has acquired property, plant and equipment of approximately HK\$720,000 (six months ended 30 June 2022: approximately HK\$300,000).

As at 30 June 2023, the Group has pledged properties with carrying amount of approximately HK\$2.3 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 spaces that located at Macau.

13. TRADE RECEIVABLES

	At 30 June 2023 HK\$'000 (Unaudited)	At 31 December 2022 HK\$'000 (Audited)
Trade receivables, gross	9,635	1,873
Less: allowance for impairment	(93)	(93)
	9,542	1,780

At 31 December 2022 and 30 June 2023, included in the Group's trade receivables are balances of approximately HK\$36,000 and HK\$2,000 respectively, that are due from related parties. Such balances are in trade nature, unsecured, interest-free and repayable on demand.

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

Notes to the Unaudited Condensed Consolidated Financial Statements

13. TRADE RECEIVABLES (CONTINUED)

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

	At 30 June 2023 HK\$'000 (Unaudited)	At 31 December 2022 HK\$'000 (Audited)
0-30 days	5,397	1,195
31-60 days	2,935	445
61-90 days	1,088	43
Over 90 days	215	97
	9,635	1,780

Before accepting a new customer, the Group assesses the credit quality and defines credit limit to the 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.

In addition, the Group performs impairment assessment under the expected credit losses upon application of HKFRS9 on trade balances individually or based on provision matrix. In this regard, the directors consider that the Group's credit risk is significantly reduced.

14. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	At 30 June 2023 HK\$'000 (Unaudited)	At 31 December 2022 HK\$'000 (Audited)
Deposits paid	3,900	3,272
Prepayments	9,230	2,534
Other receivables	3,488	1,021
	16,618	6,827
Analysed as reporting purposes as:		
– Non-current assets	2,110	2,260
– Current assets	14,508	4,567
	16,618	6,827

Notes to the Unaudited Condensed Consolidated Financial Statements

15. FINANCIAL INSTRUMENT AT FAIR VALUE THROUGH PROFIT OR LOSS

	At 30 June 2023 HK\$'000 (Unaudited)	At 31 December 2022 HK\$'000 (Audited)
Investment in concerts	25,003	25,003

The Group's investment in concerts as at 30 June 2023 are classified as financial instrument at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

In May 2021, the Group entered into an investment agreement of sponsorship for cooperating concerts which entitles the Group, among others, the rights to share the net profit or loss of the respective concerts attributable to the Group, as appropriate, in accordance with the terms of the investment agreement. The Group measured, at initial recognition, the cost of the investment based on the cash consideration paid. The carrying amount at the end of the reporting period represented the fair values of the estimated net future cash flows from the investment attributable to the Group.

Detail of the investment in concerts are set out in the "Management Discussion and Analysis" section.

16. TRADE AND OTHER PAYABLES

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

	At 30 June 2023 HK\$'000 (Unaudited)	At 31 December 2022 HK\$'000 (Audited)
0-30 days	6,318	851
31-60 days	6,025	355
61-90 days	1,643	1,587
Over 90 days	2,790	—
Trade payables	16,776	2,793
Accruals and other payables	4,875	3,222
	21,651	6,015

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

As at 31 December 2022 and 30 June 2023, included in the Group's trade and other payables were balances of approximately HK\$660,000 and HK\$1,635,000 respectively, that are due to related parties. Such balances are in trade nature, unsecured, interest-free and repayable on demand.

Notes to the Unaudited Condensed Consolidated Financial Statements

17. SHARE CAPITAL

	Number of ordinary shares At 30 June 2023 '000 (Unaudited)	Carrying amount At 30 June 2023 HK\$'000 (Unaudited)	Number of ordinary shares At 31 December 2022 '000 (Audited)	Carrying amount At 31 December 2022 HK\$'000 (Audited)
Ordinary shares of HK\$0.01 each				
Authorised:				
At the beginning/end of the reporting period/year	12,000,000	120,000	12,000,000	120,000
Issued and fully paid:				
At the beginning/end of the reporting period/year	1,200,000	12,000	1,200,000	12,000

18. MATERIAL RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the unaudited condensed consolidated interim financial statements, the Group entered into the following transactions with related parties:

	For the six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Purchase from a related company – Waldo Hotel Limited (“Waldo Hotel”) (Note ii)	4,583	2,501
Revenue generated from a related company – Tak Chun Gaming Promotion Company Limited (“Tak Chun”) (Note i) – Waldo Hotel (Note ii)	— 11,768	16 764
Software maintenance fee paid to a related company – Gamsun Information Technology Limited (“Gamsun”) (Note iii)	117	—

Notes:

- (i) Ms. Wong Pui Keng is the spouse of Mr. Choi and is a director of Tak Chun until 31 January 2022.
- (ii) Mr. Choi was a director of Waldo Hotel up to 26 June 2022 and Ms. Zou Shuer, an executive Director of the Company, was appointed as a director of Waldo Hotel from 27 June 2022.
- (iii) Ms. Zou Shuer is the beneficial owner of Gamsun.

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) sales of concert tickets and 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 six months ended 30 June 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 Hong Kong and 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.

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 promotor (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 Singing 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 Singing 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 and second Singing Concerts in Beijing and Shanghai were completed. The third Singing Concert will be held in August 2023. For the fourth Singing Concert, the Company expected it to be held on or before December 2023.

Management Discussion and Analysis

FINANCIAL REVIEW

Revenue

The Group's revenue increased significantly by approximately 493.4% from approximately HK\$6.1 million for the six months ended 30 June 2022 to approximately HK\$36.2 million for the six months ended 30 June 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 six months ended 30 June 2022 and 2023, the cost of sales amounted to approximately HK\$6.4 million and HK\$26.8 million, respectively, representing a significant increase of approximately 318.8% during the period as compared to that of the previous period. Such increase was mainly driven by the increase in sales from the sales and distribution of hotel rooms and the provision of car rental services.

Gross profit/(gross loss)

The Group recorded gross profit for the six months ended 30 June 2023 amounted to approximately HK\$9.4 million, comparing to gross loss of approximately HK\$0.3 million for the six months ended 30 June 2022. The reversal from gross loss to gross profit was mainly due to the Relaxation Policy in early 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 six months ended 30 June 2023.

Other income and gains

The Group's other income and gains decreased from approximately HK\$1.0 million for the six months ended 30 June 2022 to approximately HK\$0.3 million for the six months ended 30 June 2023. The decrease in other gain and income was mainly due to the decrease in service fee income and government grants received during the six months ended 30 June 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 were relatively stable at HK\$7.0 million and HK\$6.6 million for the six months ended 30 June 2022 and 2023, respectively.

Income tax expenses

The Group's income tax expenses was approximately HK\$ nil for the six months ended 30 June 2023, comparing to approximately HK\$2,000 for the six months ended 30 June 2022.

Finance costs

The Group's finance costs were relatively stable at approximately HK\$0.2 million and HK\$0.1 million for the six months ended 30 June 2022 and 2023, respectively.

Management Discussion and Analysis

Profit/(loss) for the period

The Group recorded a profit of approximately HK\$3.0 million for the six months ended 30 June 2023, comparing to loss of approximately HK\$6.3 million for the six months ended 30 June 2022. The reversal from loss to profit for the period was mainly driven by the significant increase in revenue and the Relaxation Policy in early 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 six months ended 30 June 2023.

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 30 June 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 utilised during the six months ended 30 June 2023 (HK\$'000)	Actual amount of Net Proceeds utilised as at 30 June 2023 (HK\$'000)	Unutilised amount of the Net Proceeds as at 30 June 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.

All the unutilised balances were 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, the Announcement and this report

Actual business progress up to date of this report

Expand our car fleet	Up to the date of this report, the Group has purchased 12 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. Based on the Company's previous discussions with the Concert Promoter in late December 2022, the Singing Concerts were further postponed to May to August 2023 due to the Pandemic in the PRC. Based on the Company's latest discussions with the Concert Promoter, the Company understood that, as at the date of this report, the first and second concerts in Beijing and Shanghai were completed. The third concert will be held in August 2023. For the fourth Singing Concerts, the Company expected to be held on or before December 2023.
Expansion of tourism business	As disclosed in the Announcement and elsewhere of this report, the Group plans to expand its tourism business to the PRC and Hong Kong in order to diversify its business. We are in the progress of identifying tourism business opportunities in the PRC and Hong Kong.

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. Travel restrictions and lock-down in Macau, the PRC and Hong Kong may re-occur or even tighten in the foreseeable future and remain uncertain and thus, the Group will strategically adhere to the business plan and will actively search for deals and other business opportunities to stabilize 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;

Management Discussion and Analysis

- (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.

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 have been 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 reduce 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.

Management Discussion and Analysis

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.

As at 30 June 2023, the Group had a total of 86 employees (30 June 2022: 72 employees). The Group's staff costs, including Directors' emoluments, were stable at HK\$5.4 million and HK\$3.0 million for the six months ended 30 June 2022 and 2023, respectively, representing a decrease of approximately 44.4%. The decrease was mainly due to reduction of 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 six months ended 30 June 2023 and up to the date of this report.

SIGNIFICANT INVESTMENTS HELD

As at 30 June 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 six months ended 30 June 2023:

For the six months ended/As at 30 June 2023							
Significant Investment	Investment cost	Fair value at beginning of the period	Realised gain/(loss) recognised	Unrealised gain/(loss) recognised	Settlement	Fair value at end of the period	Percentage of fair value to the Group's total assets at end of the period
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	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 six months ended 30 June 2023.

Cash position

As at 30 June 2023, the cash and cash equivalents and bank deposits with maturity dates over three months (the “**Total Bank Balances**”) were stable at approximately HK\$7.9 million and HK\$8.0 million as at 31 December 2022 and 30 June 2023, respectively. Among the Total Bank Balances of HK\$8.0 million as at 30 June 2023:

1. approximately of HK\$5.1 million (as at 31 December 2022: approximately of HK\$3.4 million) represented cash and cash equivalents of the Group; and
2. approximately HK\$2.9 million (as 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 and Hong Kong government to obtain travel agent licences in Macau and Hong Kong, respectively.

Borrowings and lease liabilities

As at 30 June 2023, the total borrowings and lease liabilities of the Group, all of which were denominated in Hong Kong dollars, amounted to approximately HK\$5.2 million (as at 31 December 2022: approximately HK\$7.1 million) and outstanding committed banking facilities amounted to approximately HK\$2.9 million (as at 31 December 2022: approximately HK\$4.2 million). In particular:

1. approximately HK\$2.9 million (as at 31 December 2022: approximately HK\$4.2 million) represented the bank borrowings which bore a fixed rate ranging from 2.5% to 4.0% per annum as at 30 June 2023 (as at 31 December 2022: from 2.5% to 4.0% per annum). The bank borrowings with carrying amount of approximately HK\$1.8 million as at 30 June 2023 (as 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\$2.3 million as at 30 June 2023 (as at 31 December 2022: approximately HK\$2.4 million); and
2. approximately HK\$2.3 million (as 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 (as at 31 December 2022: ranging from 4.3% to 8.0% per annum).

Management Discussion and Analysis

Pledge of assets

As at 30 June 2023, the Group's bank deposits with maturity dates over three months with amount of approximately HK\$2.9 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 at 30 June 2023, the Group's has pledged properties with carry amount of approximately HK\$2.3 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 represented the carparking space that located in Macau.

Gearing ratio

As at 30 June 2023, the gearing ratio of the Group was approximately 13.3% (as at 31 December 2022: approximately 19.6%). The gearing ratio is calculated based on the borrowings and lease liabilities divided by the equity attributable to owners of the Company at the end of the respective period.

DIVIDEND

No interim dividend has been declared or proposed by the Company for the six months ended 30 June 2023 (for the six months ended 30 June 2022: Nil).

COMMITMENTS

As at 30 June 2023, the Group did not have any significant capital commitment (as at 31 December 2022: Nil).

CONTINGENT LIABILITIES

As at 30 June 2023, the Group had no significant contingent liabilities (as at 31 December 2022: Nil).

FOREIGN EXCHANGE EXPOSURE

The Group operates in Macau, Hong Kong and the PRC with majority of the transactions being settled in MOP, HK\$, USD 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 and USD 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.

Management Discussion and Analysis

TREASURY AND RISK MANAGEMENT

The Directors will continue to follow a prudent policy in managing the Group's cash and maintaining a strong and adequate liquidity to ensure that the Group is well placed to take advantage of future growth opportunities. As at 30 June 2023, the Group's credit risk is primarily attributable to trade receivables, deposits, bank deposits with original maturity over three months and cash and cash equivalents. At 30 June 2023, the Group's maximum exposure to credit risk which may cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the unaudited condensed consolidated statement of financial position.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in this report, the Group did not have other plans for material investments and capital assets as at 30 June 2023.

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 six months ended 30 June 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 separated and should not be performed by the same individual. Mr. Choi Wai Chan is currently the chairman and the chief executive officer of the Company. Considering that Mr. Choi Wai Chan has been operating and managing the Group since 2014 until his resignation in August 2022 (in which Mr. Choi was re-appointed in May 2023, the details of which are set out in the Company's announcements dated 19 May 2023 and 25 May 2023) and his expertise in the travel industry, the Board believes that it is in the best interest of the Group to have Mr. Choi Wai Chan taking up both roles for effective management and business development. Furthermore, all major decisions of the Company are discussed by the Board, the Board committees and the senior management. The Board also considers that since the members of the Board include competent and independent non-executive Directors, 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 Code is appropriate in such circumstance and in the interest of the Company.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the six months ended 30 June 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 six months ended 30 June 2023 and up to the date of this report.

Management Discussion and Analysis

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 30 June 2023, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying shares and debentures of the Company or any of its associated 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 any 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, were as follows:

Long positions in the Shares

Name of Director	Capacity	Number of ordinary shares interested	Percentage of shareholding
Mr. Choi Wai Chan ^(Note)	Interest of controlled corporation	900,000,000	75.0%

Note:

These 900,000,000 Shares are held by Silver Esteem Limited, 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 purpose of the SFO. Mr. Choi Wai Chan is the sole director of Silver Esteem Limited.

Long positions in the shares of associated corporation

Name of Director	Name of associated corporation	Capacity	Number of ordinary shares interested	Percentage of shareholding
Mr. Choi Wai Chan	Silver Esteem Limited	Beneficial owner	1	100.0%

Save as disclosed above and so far as is known to the Directors, at 30 June 2023, none of the Directors and chief executive of the Company had any interests or short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of 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 were 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 30 June 2023 and so far as is known to the Directors, the following persons (other than the Directors or chief executive of the Company) 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 shareholder	Capacity	Number of ordinary shares interested	Percentage of shareholding
Silver Esteem Limited	Beneficial owner ^(Note 1)	900,000,000	75.0%
Ms. Wong Pui Keng	Interest of spouse ^(Note 2)	900,000,000	75.0%

Notes:

1. 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.
2. 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 30 June 2023, the Directors were not aware of any interests or short positions of any persons (other than the Directors or chief executive of the Company) 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 six months ended 30 June 2023 and up to the date of this report, no option had been granted, agreed to be granted, exercised, cancelled, forfeited or lapsed under the Scheme.

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 six months ended 30 June 2023 and up to the date of this report.

Management Discussion and Analysis

EVENT AFTER REPORTING PERIOD

There is no material event happened after 30 June 2023 and up to the date of this report with requires disclosure.

AUDIT COMMITTEE

The Company has established the audit committee (the “**Audit Committee**”) pursuant to a resolution of the Directors passed on 3 September 2019 in compliance with Rule 5.28 of the GEM Listing Rules. Written terms of reference in compliance with paragraph D.3.3 of part 2 of the CG Code has been adopted. 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 six months ended 30 June 2023 but the Audit Committee has reviewed the unaudited condensed consolidated financial statements for the six months ended 30 June 2023 and is of the opinion that the preparation of the condensed consolidated financial statements for the six months ended 30 June 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
Choi Wai Chan
*Chairman, Chief Executive Officer
and Executive Director*

Hong Kong, 9 August 2023

At the date of this report, the executive Directors are Mr. Choi Wai Chan and 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 “Latest Listed Company Information” page of the Stock Exchange’s website at 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.