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Cinese International Group Holdings Limited

富盈環球集團控股有限公司

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

(Stock Code: 1620)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

The board (the “**Board**”) of directors (the “**Directors**”) of Cinese International Group Holdings Limited (the “**Company**”) is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2022, together with the comparative figures for the year ended 31 December 2021.

FINANCIAL HIGHLIGHTS

	Year ended 31 December		
	2022	2021	Increase/ (decrease)
	HK\$ million	HK\$ million	
Revenue	45.8	55.8	(17.9%)
Gross profit	22.5	16.6	35.5%
Loss for the year	(13.8)	(75.8)	(81.8%)
Non-IFRSs measures:			
Adjusted loss for the year (unaudited) ^(Note)	(13.8)	(44.3)	(68.8%)
Basic and diluted losses per share (HK cents)	(1.2)	(6.3)	(81.0%)
Proposed final dividend per share (HK cents)	—	—	—

Note: Adjusted loss for the year refers to loss for the year ended 31 December 2021 (i) add back provision of Departure and Deemed Disposition Taxes, and (ii) less deferred income tax credit recognised in income tax expenses for non-capital loss carryforward. The adjusted loss for the year is solely for reference. It is a non-IFRSs measures not intended to be considered in isolation or as substitute for the financial information prepared and presented in accordance with IFRSs. Shareholders of the Company and potential investors are encouraged to review the financial information of the Group in its entirety.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	Notes	Year ended 31 December	
		2022 HK\$'000	2021 HK\$'000
Revenue	3	45,777	55,822
Cost of sales	5	<u>(23,250)</u>	<u>(39,235)</u>
Gross profit		22,527	16,587
Other income	4	1,634	14,196
Other gains, net	4	2,477	58
Reversal/(provision) of expected credit losses (“ECLs”) allowance on financial assets		3,962	(39,307)
Selling expenses	5	(3,604)	(6,538)
Administrative expenses	5	<u>(41,234)</u>	<u>(43,299)</u>
Operating loss		<u>(14,238)</u>	<u>(58,303)</u>
Finance income	6	6	2
Finance costs	6	<u>(291)</u>	<u>(289)</u>
Finance costs, net	6	(285)	(287)
Share of net losses of joint venture		<u>(352)</u>	<u>(1,281)</u>
Loss before income tax		(14,875)	(59,871)
Income tax credit/(expense)	7	<u>1,073</u>	<u>(15,897)</u>
Loss for the year attributable to owners of the Company		<u><u>(13,802)</u></u>	<u><u>(75,768)</u></u>
Other comprehensive (expenses)/income			
<i>Item that may be subsequently reclassified to profit or loss:</i>			
<i>– Currency translation differences</i>		(3,125)	916
<i>Item that will not be reclassified to profit or loss:</i>			
<i>– Change in fair value of equity instrument at fair value through other comprehensive income</i>		<u>220</u>	<u>(631)</u>
Other comprehensive (expenses)/income for the year		<u><u>(2,905)</u></u>	<u><u>285</u></u>
Total comprehensive expenses for the year attributable to owners of the Company		<u><u>(16,707)</u></u>	<u><u>(75,483)</u></u>
Basic and diluted losses per share (HK Cents)	8	<u>(1.2)</u>	<u>(6.3)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

		As at 31 December 2022 HK\$'000	As at 31 December 2021 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		1,380	4,168
Intangible assets		1	438
Right-of-use assets		2,936	3,248
Interests in joint ventures		—	9,400
Financial asset at fair value through profit or loss ("FVTPL")		—	1,521
Financial asset at fair value through other comprehensive income ("FVTOCI")		3,187	3,185
Deferred income tax assets		41,778	43,221
		<u>49,282</u>	<u>65,181</u>
Current assets			
Trade receivables	10	2,158	11,345
Prepayments, deposits and other receivables		36,005	27,504
Financial asset at FVTPL		1,426	—
Income tax recoverable		299	2,645
Cash and cash equivalents		43,780	48,749
		<u>83,668</u>	<u>90,243</u>
Total assets		<u><u>132,950</u></u>	<u><u>155,424</u></u>
EQUITY			
Equity attributable to the owners of the Company			
Share capital	11(a)	120	120
Share premium		88,248	88,248
Other reserve	11(b)	(41,256)	(41,256)
Financial asset at FVTOCI reserve	11(c)	257	37
Exchange reserve		5,392	8,517
(Accumulated losses)/Retained earnings		(4,945)	8,857
Total equity		<u><u>47,816</u></u>	<u><u>64,523</u></u>

		As at 31 December 2022	As at 31 December 2021
	Notes	HK\$'000	HK\$'000
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		—	296
Lease liabilities		2,379	3,027
Loan from government		3,255	4,160
		<u>5,634</u>	<u>7,483</u>
Current liabilities			
Trade payables	12	12	11,432
Accruals and other payables		64,691	56,524
Contract liabilities		95	415
Lease liabilities		1,719	1,456
Loan from government		755	—
Income tax payables		12,228	13,591
		<u>79,500</u>	<u>83,418</u>
Total liabilities		<u>85,134</u>	<u>90,901</u>
Total equity and liabilities		<u>132,950</u>	<u>155,424</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation and going concern assumption

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (“**IFRSs**”) as issued by International Accounting Standards Board (“**IASB**”) and related interpretations and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). The consolidated financial statements of the Group have been prepared under the historical cost convention, as modified by the revaluation of financial asset measured at FVTPL and financial asset measured at FVTOCI which are carried at fair value.

During the year ended 31 December 2022, the Group incurred a loss of approximately HK\$13,802,000. These conditions may cast significant doubt on the Group’s ability to continue as a going concern.

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

- (a) The expected gradual recovery of international travel and related businesses following the ease of COVID-19 pandemic; and
- (b) The unutilised banking facilities totalling HK\$9,459,000, which are available for the Group to finance its future operations and financial obligations.

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

The preparation of consolidated financial statements of the Group in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

(i) New or revised standards adopted by the Group

A number of new or revised standards became applicable for the current reporting period and the Group had to change its accounting policies and make retrospective adjustments as a result of adopting the following standards:

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

The adoption of these new or revised standards did not have any significant impact on the Group's consolidated financial statements.

(ii) New accounting standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

The following new standards, amendments and interpretations to existing standards are mandatory for accounting periods beginning on or after 1 January 2023.

		Effective for accounting periods beginning on or after
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to IAS 1	Non-current Liabilities with Covenants	1 January 2024
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to IAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	Insurance Contracts	1 January 2023
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined*
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024

* The amendments shall be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined.

3 REVENUE AND SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the chief operating decision makers that are used for making strategic decisions. The chief operating decision makers are identified as the executive directors of the Company. The chief operating decision makers regularly monitor and receive reports relating to the performance of the four lines of business the Group operates during the year. In this regard, management has identified four reportable operating segments, namely (1) Air ticket distribution, (2) Travel business process management, (3) Travel products and services, and (4) Other business process management.

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

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

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

	Year ended 31 December 2022				Total HK\$'000
	Air ticket distribution HK\$'000	Travel business process management HK\$'000	Travel products and services HK\$'000	Other business process management HK\$'000	
Revenue from external customers	11,430	32,027	—	2,320	45,777
Time of revenue recognition					
At a point in time	11,430	32,027	—	—	43,457
Over the time	—	—	—	2,320	2,320
	<u>11,430</u>	<u>32,027</u>	<u>—</u>	<u>2,320</u>	<u>45,777</u>
Segment results	3,046	6,786	—	266	10,098
Other income					1,634
Other gains, net					2,477
Reversal of ECLs allowance on financial assets					3,962
Administrative expenses					(32,409)
Finance costs, net					(285)
Share of net losses of joint ventures					(352)
Loss before income tax					(14,875)
Income tax credit					1,073
Loss for the year					(13,802)
Other segment items:					
Depreciation and amortisation	115	755	—	35	905
Capital expenditure	8	38	—	18	64
Depreciation of right-of-use assets	170	773	—	38	981

	Year ended 31 December 2021				Total HK\$'000
	Air ticket	Travel	Travel	Other	
	distribution	business	products	business	
	management	process	and services	process	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Revenue from external customers	7,445	26,041	—	22,336	55,822
Time of revenue recognition					
At a point in time	7,445	26,041	—	—	33,486
Over the time	—	—	—	22,336	22,336
	<u>7,445</u>	<u>26,041</u>	<u>—</u>	<u>22,336</u>	<u>55,822</u>
Segment results	575	13,066	—	2,044	15,685
Other income					787
Other gains, net					58
Provision of ECLs allowance on financial assets					(39,307)
Administrative expenses					(35,526)
Finance costs, net					(287)
Share of net losses of joint ventures					(1,281)
Loss before income tax					(59,871)
Income tax expense					(15,897)
Loss for the year					<u>(75,768)</u>
Other segment items:					
Depreciation and amortisation	417	1,590	—	1,232	3,239
Capital expenditure	283	1,079	—	836	2,198
Depreciation of right-of-use assets	214	817	—	633	1,664
	<u>214</u>	<u>817</u>	<u>—</u>	<u>633</u>	<u>1,664</u>

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

	Year ended 31 December	
	2022	2021
	HK\$'000	HK\$'000
Company A – travel business process management segment	23,699	15,659
Company B – travel business process management segment	6,797	7,287
Company C – other business process management segment (note)	N/A	22,336
	<u> </u>	<u> </u>

Note: The customer did not contribute 10% or more of the total revenue of the Group in current financial year.

There is no material inter-segment revenue.

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

	Year ended 31 December	
	2022	2021
	HK\$'000	HK\$'000
Canada	45,267	55,064
United States	510	758
	<u> </u>	<u> </u>
	<u>45,777</u>	<u>55,822</u>

The following is an analysis of the carrying amounts of the Group's assets analysed by geographical area in which the assets are located:

	Year ended 31 December	
	2022	2021
	HK\$'000	HK\$'000
Canada	95,015	98,907
United States	34,803	31,036
Hong Kong	3,111	25,481
Mainland China	21	—
	<u> </u>	<u> </u>
	<u>132,950</u>	<u>155,424</u>

As at 31 December 2022, all material non-current assets, other than deferred income tax assets of approximately HK\$18,123,000 (2021: deferred income tax assets of approximately HK\$19,169,000 and interests in joint ventures of approximately HK\$9,400,000), are located in Canada.

4 OTHER INCOME AND OTHER GAINS, NET

	Year ended 31 December	
	2022	2021
	HK\$'000	HK\$'000
Other income		
Subsidies (Note)	72	14,189
Dividends income from financial asset at FVTPL	—	7
Compensation income for early termination of lease contract	1,562	—
	<u>1,634</u>	<u>14,196</u>
Other gains, net		
Foreign exchange gain/(loss)	2,293	(179)
Gain on disposal of financial asset at FVTPL	—	179
Gain on disposal of joint ventures	182	—
Fair value change in financial asset at FVTPL	2	(2)
Gain on modification on loan from government	—	60
	<u>2,477</u>	<u>58</u>

Note: For the year ended 31 December 2022, it represented grants received in relation to wage subsidies from Employment Support Scheme (“ESS”) under the Anti-epidemic Fund launched by the Hong Kong SAR Government. For the year ended 31 December 2021, it mainly represented grants received in relation to wage subsidies from Canada Emergency Wage Subsidy Program. There are no unfulfilled conditions or contingencies relating to these grants as at 31 December 2022 and 2021.

5 EXPENSES BY NATURE

	Year ended 31 December	
	2022	2021
	HK\$'000	HK\$'000
Employee benefit expenses (including directors' emoluments)	46,326	51,573
Office, telecommunication and utility expenses	3,279	4,031
Depreciation of right-of-use assets	1,706	2,053
Short-term leases expenses	991	1,196
Advertising and promotion	96	57
Credit card fees	46	28
Auditor's remuneration		
– Audit service	1,500	1,500
– Non-audit service	816	187
Depreciation of property, plant and equipment	1,601	2,353
Amortisation of intangible assets	428	1,626
Legal and professional fees	2,537	5,959
Service fees	4,780	15,173
Others	3,982	3,336
	<u>68,088</u>	<u>89,072</u>
Total cost of sales, selling and administrative expenses		

6 FINANCE COSTS, NET

	Year ended 31 December	
	2022	2021
	HK\$'000	HK\$'000
Finance income		
– Interest income	<u>6</u>	<u>2</u>
Finance costs		
– Interest expense on lease liabilities	(168)	(187)
– Imputed interest expense on loan from government	<u>(123)</u>	<u>(102)</u>
	<u>(291)</u>	<u>(289)</u>
Finance costs, net	<u>(285)</u>	<u>(287)</u>

7 INCOME TAX CREDIT/(EXPENSE)

Canadian corporate income tax has been provided at the rate of 26.5% for the year ended 31 December 2022 (2021: 26.5%) on the Group's respective taxable income, if any. No Canadian departure tax and Canadian deemed disposition tax have been provided for the year ended 31 December 2022 (2021: provided at the rate of 5% and 26.5% on the Group's deemed disposal gain and deemed capital gain, respectively). United States federal income tax has been provided at the rate of 21% for the year ended 31 December 2022 (2021: 21%) on the Group's respective taxable loss and the United States state and city tax has been calculated on the estimated assessable profit at 14.95% for the year ended 31 December 2022 (2021: 14.95%).

	Year ended 31 December	
	2022	2021
	HK\$'000	HK\$'000
Current income tax		
– Canadian corporate income tax	—	2,433
– Canadian departure and deemed disposition tax	—	(39,732)
– Under provision in prior years	(115)	(2)
Deferred income tax	<u>1,188</u>	<u>21,404</u>
Income tax credit/(expense)	<u>1,073</u>	<u>(15,897)</u>

8 LOSSES PER SHARE

Basic losses per share is calculated by dividing the losses attributable to owners of the Company by the weighted average number of ordinary shares in issue during the respective years.

	Year ended 31 December	
	2022	2021
Losses attributable to owners of the Company (HK\$'000)	(13,802)	(75,768)
Weighted average number of ordinary shares in issue (Number of shares in thousand)	<u>1,200,000</u>	<u>1,200,000</u>
Basic and diluted losses per shares (HK Cents)	<u>(1.2)</u>	<u>(6.3)</u>

Diluted losses per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. Potential ordinary shares are dilutive when, and only when, their conversion to ordinary shares would decrease earnings per share or increase loss per share. For the years ended 31 December 2022 and 2021, the Group has no dilutive potential ordinary shares.

9 DIVIDEND

The directors of the Company do not recommend the payment of a final dividend for the year ended 31 December 2022 (2021: nil).

10 TRADE RECEIVABLES

	As at 31 December 2022 HK\$'000	As at 31 December 2021 HK\$'000
Incentive commission receivables	1,831	1,923
Less: ECLs allowance	<u>(436)</u>	<u>(535)</u>
	1,395	1,388
Other business process management income receivables	—	8,058
Less: ECLs allowance	<u>—</u>	<u>(208)</u>
	—	7,850
Other trade receivables	795	2,187
Less: ECLs allowance	<u>(32)</u>	<u>(80)</u>
	763	2,107
	<u>2,158</u>	<u>11,345</u>

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

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

	As at 31 December 2022 HK\$'000	As at 31 December 2021 HK\$'000
0 to 60 days	1,096	8,067
Over 60 days	<u>1,062</u>	<u>3,278</u>
	<u>2,158</u>	<u>11,345</u>

As at 31 December 2022, no trade receivables (2021: HK\$1,568,000) was past due but not impaired. These primarily represent other business process management income receivables and incentive commission receivables from airlines. Based on past experience and customers' repayment record, the amounts can be recovered.

The aging analysis of these trade receivables (net of ECLs allowance), based on past due date, is as follows:

	As at 31 December	
	2022	2021
	HK\$'000	HK\$'000
Not overdue	2,158	9,777
1-90 days	—	1,539
91-180 days	—	29
Over 180 days	—	—
	2,158	11,345
	2,158	11,345

The carrying amounts of trade receivables approximate their fair values at each reporting date and are denominated in the following currencies:

	As at 31 December	
	2022	2021
	HK\$'000	HK\$'000
CAD	893	10,197
USD	1,265	1,148
	2,158	11,345
	2,158	11,345

The maximum exposure to credit risk is the carrying amount of trade receivables and the Group does not have any receivables held as collateral or security.

11 SHARE CAPITAL AND OTHER RESERVE

(a) Share capital

	Number of ordinary shares (’000)	Nominal value of ordinary shares HK\$’000
Authorised:		
Ordinary shares of HK\$0.0001 each		
As at 1 January 2021, and 31 December 2021 and 2022	<u>90,000,000</u>	<u>9,000</u>
Issued and fully paid:		
As at 1 January 2021, and 31 December 2021 and 2022	<u><u>1,200,000</u></u>	<u><u>120</u></u>

(b) Other reserve

The other reserve presented in the consolidated statements of financial position represented the difference between the face value and the redemption value of the 10,000,000 Class A redeemable preference shares issued to the shareholders on 1 September 2011.

Upon completion of the exchange of redeemable preference shares into the ordinary shares of the Company on 9 October 2017 for reorganisation, the carrying amount of redeemable preference shares amounting to HK\$54,920,000 was recorded in other reserve.

(c) Financial asset at FVTOCI reserve

Financial asset at FVTOCI reserve comprises the cumulative net change in fair value of unlisted equity investments held at the end of the reporting period.

12 TRADE PAYABLES

The ageing analysis of trade payables based on invoice date are as follows:

	As at 31 December 2022 HK\$'000	As at 31 December 2021 HK\$'000
0 to 30 days	12	4,170
31 to 60 days	—	4,386
Over 60 days	—	2,876
	<u>12</u>	<u>11,432</u>

Trade payables are denominated in the following currencies:

	As at 31 December	
	2022 HK\$'000	2021 HK\$'000
CAD	—	10,419
USD	12	1,013
	<u>12</u>	<u>11,432</u>

13 BANKING FACILITIES

As at 31 December 2022, the Group has banking facilities available in the form of letters of guarantee of HK\$14,394,000 (2021: HK\$15,378,000) in which HK\$4,935,000 (2021: HK\$5,134,000) was utilised and secured by a Canadian Crown corporation, an enterprise wholly owned by the Government of Canada.

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

The Group's performance in 2022 continued to be impacted by the coronavirus disease 2019 (“**COVID-19**”) pandemic, but to a lesser extent as compared to 2021. There was a continuous recovery of the travel industries with increasing rate of vaccination and relaxation of travel restrictions worldwide, and the Group recorded an increase in transaction volume and revenue for its air ticket distribution services and travel business process management services for the year ended 31 December 2022, as compared to 2021. The Group also leveraged its knowledge and experience from being a travel services provider to explore new business opportunities and had entered into a non-legally binding memorandum of understanding in early 2022 with a travel services provider in the Guangdong-Hong Kong-Macao Greater Bay Area (“**Greater Bay Area**”) in relation to potential travel business cooperation. The Group commenced its cooperation with the said travel services provider in September 2022 for the provision of travel-related services in the Greater Bay Area and further developed its business operations in the Greater Bay Area since 2023 following the ease of the COVID-19 pandemic. Accordingly, the Group expects to generate revenue therefrom for the travel products and services segment in 2023.

The total revenue of the Group decreased by approximately HK\$10.0 million or approximately 17.9%, from approximately HK\$55.8 million for the year ended 31 December 2021 to approximately HK\$45.8 million for the year ended 31 December 2022, which was mainly due to the decrease in revenue generated from the other business process management segment, partially offset by the increase in revenue generated from the air ticket distribution segment and travel business process management segment. The gross profit of the Group increased by approximately HK\$5.9 million or approximately 35.5%, from approximately HK\$16.6 million for the year ended 31 December 2021 to approximately HK\$22.5 million for the ended 31 December 2022. The overall gross profit margin of the Group increased by approximately 19.5 percentage points, from approximately 29.7% for the year ended 31 December 2021 to approximately 49.2% for the year ended 31 December 2022, which was primarily attributable to the increase in gross profit margin of the air ticket distribution segment.

Air Ticket Distribution

Air ticket distribution business segment experienced a remarkable recovery in 2022, despite the continued impact of the COVID-19 pandemic. Segment revenue increased by approximately 54.1% or approximately HK\$4.0 million from approximately HK\$7.4 million for the year ended 31 December 2021, to approximately HK\$11.4 million for the year ended 31 December 2022. Such increase was mainly attributable to the increase in transaction volume of air tickets sales and gross sales proceeds generated from air tickets sales, primarily due to the continuous recovery of the travel industries with increasing rate of vaccination and relaxation of travel restrictions worldwide. As one of the International Air Transport Association (IATA) accredited travel agents in Canada and one of the Airlines Reporting Corporation (ARC) accredited travel agents in the United States, the Group is qualified to obtain ticketing authority to issue air tickets of all available flights (origins and destinations) on behalf of IATA member airlines and ARC member airlines and secure private fare deals directly from them. As at 31 December 2022, the Group had ticketing authority for more than 150 airlines and private fare deals with around 70 airlines, including top airlines based in Canada, the United States and China.

Travel Business Process Management

The Group continued to provide a range of travel business process management including air ticket transaction processing, customer contact, BSP/ARC settlement and reconciliation, software development and travel licensing, compliance and other administrative matters to its customers. Segment revenue increased by approximately 23.1% or approximately HK\$6.0 million, from approximately HK\$26.0 million for year ended 31 December 2021, to approximately HK\$32.0 million for the year ended 31 December 2022. Such increase was mainly attributable to the increase in transaction volume as a result of the continuous recovery of the travel industries from the COVID-19 pandemic with increasing rate of vaccination and relaxation of travel restrictions worldwide. The management will continue to expand the Group's customer base by initiating sales efforts targeting travel agents that share similar profile and market positioning as its existing customers.

Other Business Process Management

By leveraging the knowledge and experience from travel business process management segment, the Group started to provide business process management services to a healthcare company in Canada in relation to COVID-19 tests in the airports in Canada in the second half of 2021, where a range of business process management services including translation, customer contact, software support and other administrative services was provided by the Group. Segment revenue decreased by approximately 89.7% or approximately HK\$20.0 million from approximately HK\$22.3 million for the year ended 31 December 2021, to

approximately HK\$2.3 million for the year ended 31 December 2022. Such decrease was mainly due to the Group provided less business process management services during the year ended 31 December 2022 as there was a reduction in testing requirement for international travellers in Canada following the ease of the COVID-19 pandemic. Going forward, the management will continue to explore business opportunities for its other business process management segment.

Travel Products and Services

The Group had temporarily suspended the provision of its outbound package tours due to the outbreak of COVID-19 pandemic and travel restrictions across the world. Therefore, no segment revenue from travel products and services was reported for the years ended 31 December 2021 and 2022. That said, taking into account the continuous recovery of the travel industries following the ease of the COVID-19 pandemic and the fact that the Group has resumed providing package tours in the first quarter of 2023, the travel products and services segment is expected to revive and generate revenue for the Group going forward.

DIVIDENDS

In order to retain more cash to finance the working capital requirements and future development of the Group, the Board does not recommend the payment of final dividend for the year ended 31 December 2022 (2021: nil). The Board will consider future dividend distribution in due course according to the Company's dividend policy.

FUTURE PROSPECT

Air travel demand is off to a very healthy start in 2023, which bodes well for the continued and steady recovery from the COVID-19 pandemic. It is expected that the airline, travel and tourism industries worldwide would be gradually recovered with steady demand for travel and increasing flight number. In addition to more countries relaxing or even cancelling their quarantine restrictions, airlines of different countries are increasing their number of destinations and passenger demand and bookings are also on the rise. In particular, the Group has resumed providing package tours in the first quarter of 2023. The Group therefore believes that the travel industries as a whole are improving, which will in turn create business opportunities for the Group.

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

FINANCIAL REVIEW

REVENUE

The following table sets forth the components of the revenue by business segment for the years:

	Year ended 31 December			
	2022		2021	
	HK\$'000	%	HK\$'000	%
Air ticket distribution	11,430	25.0	7,445	13.3
Travel business process management	32,027	70.0	26,041	46.7
Other business process management	2,320	5.0	22,336	40.0
Travel products and services	—	—	—	—
Total	<u>45,777</u>	<u>100.0</u>	<u>55,822</u>	<u>100.0</u>

The Group’s revenue decreased by approximately HK\$10.0 million or approximately 17.9%, from approximately HK\$55.8 million for the year ended 31 December 2021 to approximately HK\$45.8 million for the year ended 31 December 2022. Such decrease was mainly attributable to decrease in revenue generated from the other business process management segment due to a reduction in testing requirement for international travellers in Canada from 2022 following the ease of the COVID-19 pandemic, partially offset by the increase in revenue generated from the air ticket distribution segment and travel business process management segment.

Air Ticket Distribution

The revenue from air ticket distribution segment increased by approximately HK\$4.0 million, or approximately 54.1%, from approximately HK\$7.4 million for the year ended 31 December 2021, to approximately HK\$11.4 million for the year ended 31 December 2022. Such increase in revenue was mainly due to an increase in transaction volume of air tickets sales and gross sales proceeds generated from air tickets sales as a result of the continuous recovery of the travel industries with increasing rate of vaccination and relaxation of travel restrictions worldwide.

Travel Business Process Management

The revenue from travel business process management segment increased by approximately HK\$6.0 million or approximately 23.1%, from approximately HK\$26.0 million for the year ended 31 December 2021 to approximately HK\$32.0 million for the year ended 31 December 2022. Such increase in revenue was mainly due to an increase in transaction volume of travel business process management services, which was in turn attributable to the continuous recovery of the travel industries with increasing rate of vaccination and relaxation of travel restrictions worldwide.

Other Business Process Management

The revenue from other business process management segment decreased by approximately HK\$20.0 million or approximately 89.7%, from approximately HK\$22.3 million for the year ended 31 December 2021 to approximately HK\$2.3 million for the year ended 31 December 2022. Such decrease was mainly due to the Group provided less business process management services during the year ended 31 December 2022 as there was a reduction in testing requirement for international travellers in Canada following the ease of the COVID-19 pandemic.

Travel Products and Services

The Group had temporarily suspended the provision of its outbound package tours due to the outbreak of COVID-19 pandemic and travel restrictions across the world. Therefore, no segment revenue from travel products and services was reported for the years ended 31 December 2021 and 2022.

GROSS PROFIT AND GROSS PROFIT MARGIN

The following table sets forth the components of the gross profit and gross profit margin by business segment:

	For the year ended 31 December			
	2022		2021	
	Gross profit		Gross profit	
	Gross profit	margin	Gross profit	margin
	HK\$'000	%	HK\$'000	%
Air ticket distribution	6,742	59.0	1,709	23.0
Travel business process management	15,366	48.0	12,629	48.5
Other business process management	419	18.1	2,249	10.1
Travel products and services	—	—	—	—
Total	22,527	49.2	16,587	29.7

The gross profit of the Group increased by approximately HK\$5.9 million or approximately 35.5%, from approximately HK\$16.6 million for the year ended 31 December 2021 to approximately HK\$22.5 million for the year ended 31 December 2022, primarily attributable to an increase in revenue generated from the Group's travel business process management services and air ticket distribution services, which have higher gross profit margins. The said increase in revenue was primarily attributable to the continuous recovery of the travel industry with increasing rate of vaccination and relaxation of travel restrictions worldwide.

The overall gross profit margin of the Group increased by approximately 19.5 percentage points, from approximately 29.7% for the year ended 31 December 2021 to approximately 49.2% for the year ended 31 December 2022, which was primarily attributable to the increase in the gross profit margin of the air ticket distribution segment.

Air Ticket Distribution

The gross profit attributable to the air ticket distribution segment increased by approximately HK\$5.0 million or approximately 294%, from approximately HK\$1.7 million for the year ended 31 December 2021 to approximately HK\$6.7 million for the year ended 31 December 2022, which was in line with the increase in the transaction volume of air tickets sales and the corresponding increase in gross sales proceeds as a result of the continuous recovery of the travel industries with increasing rate of vaccination and relaxation of travel restrictions worldwide. The gross profit margin for the air ticket distribution segment increased by approximately 36.0 percentage points from approximately 23.0% for the year ended 31 December 2021 to approximately 59.0% for the year ended 31 December 2022, which was primarily attributable to a greater proportional increase in segment revenue than segment cost of sales.

Travel Business Process Management

The gross profit attributable to the travel business process management segment increased by approximately HK\$2.8 million or approximately 22.2%, from approximately HK\$12.6 million for the year ended 31 December 2021 to approximately HK\$15.4 million for the year ended 31 December 2022, which was in line with the increase in revenue of the travel business process management segment. The gross profit margin for the travel business process management segment slightly decreased by approximately 0.5 percentage points from approximately 48.5% for the year ended 31 December 2021 to approximately 48.0% for the year ended 31 December 2022, which was mainly due to the greater proportional increase in segment cost of sales than segment revenue.

Other Business Process Management

The gross profit attributable to the other business process management segment decreased by approximately HK\$1.8 million or approximately 81.8%, from approximately HK\$2.2 million for the year ended 31 December 2021 to approximately HK\$0.4 million for the year ended 31 December 2022, which was in line with the decrease in segment revenue as there was a reduction in testing requirement for international travellers in Canada following the ease of the COVID-19 pandemic.

The gross profit margin attributable to other business process management segment was approximately 18.1% for the year ended 31 December 2022 and 10.1% for the year ended 31 December 2021. The lower segment gross profit margin as compared to the travel business process management segment was mainly due to (i) the fact that the business process management services provided were mainly customer contact services and administrative services, which involved higher labour cost; and (ii) lower markup for the development of new business segment and new customer back in 2021.

Travel Products and Services

There was no gross profit attributable to travel products and services segment for the year ended 31 December 2022, as no segment revenue was reported.

Other Income

Other income decreased by approximately HK\$12.6 million or approximately 88.7% from approximately HK\$14.2 million for the year ended 31 December 2021 to approximately HK\$1.6 million for the year ended 31 December 2022, primarily because the Group no longer receives wage subsidies from the Canada Emergency Wage Subsidy Program as a result of its recovering business operations.

Selling Expenses

The selling expenses decreased by approximately HK\$2.9 million or approximately 44.6%, from approximately HK\$6.5 million for the year ended 31 December 2021 to approximately HK\$3.6 million for the year ended 31 December 2022, which was mainly due to closure of the Group's retail branches in Canada under its travel products and services segment.

Administrative Expenses

The administrative expenses decreased by approximately HK\$2.1 million or approximately 4.8%, from approximately HK\$43.3 million for the year ended 31 December 2021 to approximately HK\$41.2 million for the year ended 31 December 2022. Such decrease was mainly due to the one-off legal and professional fee incurred in 2021 for the unconditional mandatory cash offer to acquire all the issued shares of the Company which took place in 2021.

Expected Credit Losses (“ECLs”) Allowance on Financial Assets

The ECLs allowance on financial assets changed from provision of ECLs allowance of approximately HK\$ 39.3 million for the year ended 31 December 2021 to reversal of ECLs allowance of approximately HK\$4.0 million for the year ended 31 December 2022. Such turnaround of approximately HK\$43.3 million was mainly attributable to the fact that, (i) as compared to 2021, the balance of trade and other receivables that was subject to additional ECLs allowance was lower for 2022, such that a lower amount of additional ECLs allowance had been made for the year ended 31 December 2022; and (ii) improvement in repayment pattern from the Group's debtors in 2022 as compared to 2021 in light of the continuous recovery of the travel industries.

Loss for the Year

The Group's loss for the year decreased by approximately HK\$62.0 million or approximately 81.8%, from the loss of approximately HK\$75.8 million for the year ended 31 December 2021 to the loss of approximately HK\$13.8 million for the year ended 31 December 2022. Such decrease in loss for the year was mainly attributable to the following:

- the increase in the Group's gross profit by approximately HK\$5.9 million or approximately 35.5%, from approximately HK\$16.6 million for the year ended 31 December 2021 to approximately HK\$22.5 million for the year ended 31 December 2022 as discussed in the paragraph headed "Gross profit and gross profit margin" above;
- a turnaround in ECLs allowance on financial assets of HK\$43.3 million from provision of ECLs allowance of approximately HK\$ 39.3 million for the year ended 31 December 2021 to reversal of ECLs allowance of approximately HK\$4.0 million for the year ended 31 December 2022 as discussed in the paragraph headed "ECLs allowance on financial assets" above; and
- there was a one-off net provision of Departure and Deemed Disposition Taxes of approximately HK\$31.4 million charged for the year ended 31 December 2021 as income tax expense of the Group as a result of the change in control of the Company on 19 July 2021, whereas no such provision was made for the year ended 31 December 2022,

partially offset by the following:

- the decrease in other income by approximately HK\$12.6 million or approximately 88.7% from approximately HK\$14.2 million for the year ended 31 December 2021 to approximately HK\$1.6 million for the year ended 31 December 2022 as discussed in the paragraph headed "Other income" above.

Non-IFRSs Measures

To supplement the financial information presented in accordance with IFRSs, we also use adjusted loss for the year as non-IFRSs measures, which is not required by, or presented in accordance with IFRSs. The management of the Company believes such non-IFRSs measures facilitates comparison of operating performance from period to period by eliminating potential impacts of items which are not considered to be indicative of the operating performance of the Group. The management of the Company also believes such non-IFRSs measures would provide useful information to Shareholders and potential investors in understanding and evaluating the consolidated statement of comprehensive income of the Group in the same manner as the management of the Company. Having said the above, the presentation of non-IFRSs measures is not intended to be considered in isolation or as substitute for the financial information prepared and presented in accordance with IFRSs. Such non-IFRSs measures has limitations as analytical tool and such non-IFRSs measures may differ from the non-IFRSs measures used by other companies, and therefore the comparability of such information may be limited. Shareholders and potential investors are encouraged to review the financial information of the Group in its entirety.

Reconciliation of loss for the year to adjusted loss for the year:

	Year ended 31 December	
	2022	2021
	HK\$'000	HK\$'000
Loss for the year	(13,802)	(75,768)
Add:		
Departure and Deemed Disposition Taxes ^(Note)	—	39,732
Less:		
Deferred income tax credit recognised in income tax expenses ^(Note)	—	(8,281)
Adjusted loss for the year (unaudited)	(13,802)	(44,317)

Note: For the year ended 31 December 2021, a provision of Departure and Deemed Disposition Taxes of approximately HK\$39.7 million was charged as income tax expense of the Group as a result of the change in control of the Company on 19 July 2021, while a deferred income tax credit of approximately HK\$8.3 million derived from non-capital loss carryforward was recognised in income tax expense of the Group. For details, please refer to the annual results announcement for the year ended 31 December 2021 of the Company dated 31 March 2022, and the annual report of the Company for the year ended 31 December 2021.

Excluding the provision of Departure and Deemed Disposition Taxes which is non-recurring in nature, and the deferred income tax credit for the year ended 31 December 2021, the Group's adjusted loss for the year decreased by approximately HK\$30.5 million or approximately 68.8% from adjusted loss of approximately HK\$44.3 million for the year ended 31 December 2021 to adjusted loss of approximately HK\$13.8 million for the year ended 31 December 2022.

FINANCIAL RESOURCES, LIQUIDITY AND CAPITAL STRUCTURE

During the year ended 31 December 2022, the Group's primary source of funding included its own working capital, the net proceeds from the listing and the credit facilities provided by the Group's principal bank in Canada.

Net cash used in operating activities was approximately HK\$11.2 million for the year ended 31 December 2022, as compared with net cash generated from operating activities of approximately HK\$15.6 million for the year ended 31 December 2021. Such turnaround was primarily due to the Group's settlement of trade payables during the year ended 31 December 2022, partially offset by the settlement of trade receivables by the Group's customers during the same period. Net cash generated from investing activities was approximately HK\$10.4 million for the year ended 31 December 2022, as compared with net cash generated from investing activities of approximately HK\$3.3 million for the year ended 31 December 2021.

Net cash used in financing activities for the year ended 31 December 2022 was approximately HK\$1.7 million, as compared with net cash used in financing activities of approximately HK\$0.3 million for the year ended 31 December 2021.

As at 31 December 2022, the Group's cash and cash equivalents amounted to approximately HK\$43.8 million, representing a decrease of approximately 10.1% from approximately HK\$48.7 million as at 31 December 2021.

The Group's gearing ratio is calculated based on total debt divided by the shareholders' equity at the end of the financial year and multiplied by 100%. As at 31 December 2022, the Group's gearing ratio was approximately 8.4% (2021: 6.4%). The gearing ratio increased by approximately 2.0 percentage points, from approximately 6.4% for the year ended 31 December 2021 to approximately 8.4% for the year ended 31 December 2022. Taking into consideration the Group's current bank balances and cash, together with the credit facilities available and the expected cash flow from operations, it is anticipated that the Company should have adequate financial resources to meet its ongoing operating and development requirements.

Interests in Joint Ventures

As at 31 December 2022, the Group's interests in joint ventures was nil, as compared to the interests in joint ventures of approximately HK\$9.4 million as at 31 December 2021. Such decrease in interests in joint ventures was attributable to the disposal of the Group's entire equity interest in Triplabs (BVI) Limited ("**Triplabs**") at a consideration of approximately HK\$9.23 million ("**Disposal**"), which was completed on 4 August 2022. Upon completion of the Disposal, the Group ceased to hold any interest in Triplabs and Triplabs ceased to be accounted as a joint venture of the Group. For further details, please refer to the announcement of the Company dated 4 August 2022.

Net Current Assets

As at 31 December 2022, the Group had net current assets of approximately HK\$4.2 million as compared with the net current assets of approximately HK\$6.8 million as at 31 December 2021.

BORROWINGS

As at 31 December 2022, the Group had interest-free borrowings from the Government of Canada under the Regional Economic Growth Through Innovation program of approximately HK\$4.0 million (2021: HK\$4.2 million), which were denominated in Canadian dollars. The Directors expect that such borrowings will either be repaid by internally generated funds or continue to provide funding to the Group's operations.

Treasury Policies

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

EVENT AFTER THE REPORTING PERIOD

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

FOREIGN EXCHANGE RISKS

The Group has foreign currency exposures that mainly arise from the balance of assets and liabilities in currencies other than the respective group companies' functional currency. The Group's policy requires the management to control the Group's foreign exchange risk to an acceptable level by ensuring that the Group is able to obtain sufficient amount of USD at acceptable exchange rate for meeting the payment obligations arising from business operations. A net foreign exchange gain of approximately HK\$2.3 million was recorded for the year ended 31 December 2022 and exchange loss of approximately HK\$0.2 million was recorded for the year ended 31 December 2021.

During the year ended 31 December 2022, the Group did not engage in any derivatives activities and did not commit to any financial instruments to hedge its exposure to foreign currency risk.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2022, the Group had a total of 70 employees as compared to 143 employees as at 31 December 2021. The total staff costs incurred by the Group for the year ended 31 December 2022 were approximately HK\$46.3 million as compared to approximately HK\$51.6 million for the year ended 31 December 2021. The Group will regularly review its remuneration policy and the benefits to its employees with reference to market practice and the performance of individual employees. In addition, the Company has adopted a share option scheme on 7 May 2018 to attract and retain individuals with experience and ability and to reward them for their contributions. For details, please refer to the sub-section headed "Share option scheme" below.

MATERIAL ACQUISITION, DISPOSAL AND SIGNIFICANT INVESTMENTS

During the year ended 31 December 2022, other than the disposal of joint venture as discussed in the sub-section headed “Interests in Joint Ventures” above, no other significant investments, material acquisition and disposal of subsidiaries, associates or joint ventures were conducted by the Group.

PLEDGE OF ASSETS

As at 31 December 2022, the Group had government bond issued by the Canadian government of approximately HK\$1.4 million (31 December 2021: HK\$1.5 million). The bond is held as a security pledge for the operating permits required under the Quebec Travel Agents Act by the Québec L’Office de la protection du consommateur. The interest rate for the bond is 1.8% with a maturity date of 21 March 2023.

CONTINGENT LIABILITIES

As at 31 December 2022, the Group did not have any material contingent liabilities or guarantees.

SHARE OPTION SCHEME

The Company has adopted a share option scheme on 7 May 2018 (the “**Share Option Scheme**”). The Share Option Scheme is designed to motivate eligible participants, including executives and key employees, who may make a contribution to the Group, and enables the Group to attract and retain individuals with experience and ability and to reward them for their contributions. Since the adoption of the Share Option Scheme and up to the date of this announcement, no share options has been granted, exercised, lapsed or cancelled under the Share Option Scheme. For details of the Share Option Scheme, please refer to the prospectus of the Company dated 15 June 2018 (the “**Prospectus**”).

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in the Prospectus, the Group did not have plans for material investments and capital assets as at 31 December 2022.

USE OF PROCEEDS FROM THE LISTING

The shares of the Company were listed on the Stock Exchange on 28 June 2018, with net proceeds received by the Company in the amount of HK\$49.7 million after deducting underwriting commission and all related listing expenses.

An analysis of the utilisation of the net proceeds from the listing date up to 31 December 2022 is set out below:

Use of net proceeds	Net proceeds from the share offer HK\$ million	Actual utilisation up to 31 December 2022 HK\$ million	Unutilised amounts as at 31 December 2022 HK\$ million	Expected year of full utilisation of remaining balance
Repayment of bank borrowings	21.5	21.5	—	—
Expansion of air ticket distribution business	13.4	1.0	12.4	2024
Upgrade the information technology infrastructure	6.7	4.8	1.9	2023
Expansion the travel business process management business	6.9	6.9	—	—
Advertising and promotion	1.2	0.9	0.3	2023
	<u>49.7</u>	<u>35.1</u>	<u>14.6</u>	

As at 31 December 2022, the net proceeds received from the listing had been, and will be used in the manner consistent with that disclosed in the Prospectus.

ANNUAL GENERAL MEETING

It is proposed that the AGM will be held on 28 June 2023. A notice convening the AGM will be published and despatched to the Shareholders in the manner required by the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

For the purposes of ascertaining the members' eligibility to attend and vote at the AGM, the Company's register of members will be closed during the following period:

Latest time to lodge transfers documents for registration.....	4:30 p.m. on Wednesday, 21 June 2023
Closure of register of members..... (both days inclusive)	Friday, 23 June 2023 to Wednesday, 28 June 2023

For purposes mentioned above, all properly completed transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar and transfer office in Hong Kong, Boardroom Share Registrars (HK) Limited at 2103B, 21/F, 148 Electric Road North Point, Hong Kong for registrations no later than the aforementioned latest time.

CORPORATE GOVERNANCE AND OTHER INFORMATION

CORPORATE GOVERNANCE PRACTICES

The Company has adopted all applicable code provisions as set out in the Code on Corporate Governance Practices ("CG Code") as set out in Appendix 14 to the Listing Rules and has also put in place certain recommended best practices as set out in the CG Code.

The Board is of the opinion that the Company has complied with all applicable code provisions (other than provision C.2.1) set out in the CG Code during the year ended 31 December 2022 and up to the date of this announcement.

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

Further information of the corporate governance practice of the Company will be set out in the corporate governance report contained in the annual report of the Company for the year ended 31 December 2022.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 of the Listing Rules as the code of conduct of the Company regarding Directors’ transactions of the listed securities of the Company. The Company has made specific enquiry to all Directors, and all Directors have confirmed that they had complied with the Model Code and its code of conduct from the year ended 31 December 2022 and up to the date of this announcement.

AUDIT COMMITTEE

As at the date of this announcement, the audit committee of the Company (the “**Audit Committee**”) consists of three independent non-executive Directors, being Ms. Kwan Ka Yee, Mr. Fong Wai Bun Benny and Ms. Suen Yin Wah Chloe. The audit committee is chaired by Ms. Kwan Ka Yee. The annual results for the year ended 31 December 2022 of the Company have been reviewed by the Audit Committee. The Audit Committee has also reviewed the accounting policies and practices adopted by the Company and discussed risk management and internal control with senior management members of the Company and is of the view that the results for the year ended 31 December 2022 are prepared in accordance with applicable accounting standards, rules and regulations and appropriate disclosures have been duly made.

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

During the year ended 31 December 2022 and up to the date of this announcement, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities.

SCOPE OF WORK OF BDO LIMITED

The figures in respect of the preliminary announcement of the Group’s results for the year ended 31 December 2022 have been agreed by the Company’s external auditor, BDO Limited (“**BDO**”), to the amounts set forth in the Group’s audited consolidated financial statements for the year. The work performed by BDO in this respect did not constitute an assurance engagement in accordance with International Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO on this announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

The annual results announcement is published on the websites of both the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.cighl.com>). The annual report of the Company for the year ended 31 December 2022 containing all the information required by Appendix 16 to the Listing Rules will be dispatched to the Shareholders and available on the same websites in due course.

By Order of the Board
Cinese International Group Holdings Limited
富盈環球集團控股有限公司
Ms. Kou Chung Yin Mariana
Chairperson and executive Director

Hong Kong, 31 March 2023

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