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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 2024

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 2024 (the “**Year**”), together with the comparative figures for the year ended 31 December 2023.

FINANCIAL HIGHLIGHTS

	Year ended 31 December		
	2024	2023	Increase/
	HK\$ million	HK\$ million	(decrease)
Revenue	96.0	103.5	(7.2%)
Gross profit	34.3	44.2	(22.4%)
Gross profit margin (%)	35.7	42.7	(16.4%)
(Loss)/Profit for the year	(44.5)	2.9	(1,634.5%)
Basic and diluted (loss)/earnings per share			
(HK cents)	(3.7)	0.2	(1,955.0%)
Proposed final dividend per share (HK cents)	—	—	—

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

		Year ended 31 December	
	Notes	2024	2023
		HK\$'000	HK\$'000
Revenue	3	95,970	103,510
Cost of sales	5	(61,706)	(59,312)
Gross profit		34,264	44,198
Other income	4	5	548
Other gains/(losses), net	4	5,087	(1,402)
(Provision)/Reversal of expected credit losses ("ECLs") allowance on financial assets		(29,721)	1,171
Selling expenses	5	(2,792)	(2,959)
Administrative expenses	5	(34,915)	(36,335)
Operating (loss)/profit		(28,072)	5,221
Finance income	6	29	177
Finance costs	6	(201)	(247)
Finance costs, net		(172)	(70)
(Loss)/Profit before income tax		(28,244)	5,151
Income tax expense	7	(16,231)	(2,234)
(Loss)/Profit for the year attributable to owners of the Company		(44,475)	2,917
Other comprehensive expenses			
<i>Item that may be subsequently reclassified to profit or loss:</i>			
– Currency translation differences		(5,249)	1,306
<i>Item that will not be reclassified to profit or loss:</i>			
– Change in fair value of equity instrument at fair value through other comprehensive income		—	(1,757)
Other comprehensive expenses for the year		(5,249)	(451)
Total comprehensive (expenses)/income for the year attributable to owners of the Company		(49,724)	2,466
Basic and diluted (loss)/earnings per share (HK Cents)	8	(3.71)	0.20

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

		As at 31 December 2024 HK\$'000	As at 31 December 2023 HK\$'000
Notes			
ASSETS			
Non-current assets			
		401	602
		—	—
		1,396	2,664
		—	1,498
		1,542	1,687
		12,295	28,161
		15,634	34,612
Current assets			
	10	43,855	32,706
		18,805	47,757
		1,435	—
		295	296
		426	—
		30,377	26,433
		95,193	107,192
Total assets		110,827	141,804
EQUITY			
Equity attributable to the owners of the Company			
	11(a)	120	120
		88,248	88,248
	11(b)	(41,256)	(41,256)
	11(c)	(1,500)	(1,500)
		1,449	6,698
	11(d)	1,643	1,077
		(48,146)	(3,105)
Total equity		558	50,282

		As at 31 December 2024 HK\$'000	As at 31 December 2023 HK\$'000
	Note		
LIABILITIES			
Non-current liabilities			
Lease liabilities		286	1,765
Loan from government		1,570	2,541
		<u>1,856</u>	<u>4,306</u>
Current liabilities			
Trade payables	12	29,132	15,273
Accruals and other payables		58,692	58,573
Contract liabilities		279	87
Lease liabilities		1,155	2,058
Loan from government		751	798
Income tax payables		1,404	427
Amount due to immediate holding company		17,000	10,000
		<u>108,413</u>	<u>87,216</u>
Total liabilities		<u>110,269</u>	<u>91,522</u>
Total equity and liabilities		<u>110,827</u>	<u>141,804</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Chinese International Group Holdings Limited (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.

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

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 Company is a subsidiary of Tomorrow Education Technology Limited, a company incorporated in the British Virgin Islands (“**BVI**”). The directors of the Company consider the ultimate holding company to be Tomorrow Education Holding Limited, a company incorporated in the BVI.

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 MATERIAL 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

The consolidated financial statements of the Group have been prepared in accordance with IFRS Accounting Standards as issued by International Accounting Standards Board (“**IFRS Accounting Standards**”) 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 assets measured at FVTPL and financial asset measured at FVTOCI which are carried at fair value.

The preparation of consolidated financial statements of the Group in conformity with IFRS Accounting Standards 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.

For the year ended 31 December 2024, the Group incurred a loss of approximately HK\$44,475,000 and, at the end of reporting period, the Group had net current liabilities of approximately HK\$13,220,000. 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 an 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:

The expected continuous growth in revenue generated from its travel products and services segment for provision of company-operated tours in the Greater Bay Area of Mainland China:

The unutilised banking facilities totalling HK\$8,063,000, which are available for the Group to finance its future operations and financial obligations; and

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.

(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 International Accounting Standards ("IAS") 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback

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 2025.

		Effective for accounting periods beginning on or after
Amendments to IAS 21 and IFRS 1	Lack of Exchangeability	1 January 2025
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments, and Contracts Referencing Nature-dependent Electricity	1 January 2026
Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7	Annual improvements to IFRS Accounting Standards – Volume 11	1 January 2026
IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined*

* 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.

IFRS 18-Presentation and Disclosure in Financial Statements

IFRS 18 “*Presentation and Disclosure in Financial Statements*”, which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 “*Presentation of Financial Statements*”. This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some IAS paragraphs have been moved to IAS 8 and IFRS 7. Minor amendments to IAS 7 “*Statement of Cash Flows*” and IAS 33 “*Earnings per Share*” are also made

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Groups are in the process of assessing the detailed impact of IFRS 18 on the Groups' consolidated financial statements.

Except for those mentioned above, the new or revised standards that have been issued but are not yet effective are unlikely to have a material impact on the Group's consolidated results and consolidated financial position upon application.

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 three lines of business the Group operates during the year. In this regard, management has identified three reportable operating segments, namely (1) Air ticket distribution, (2) Travel business process management and (3) Travel products and services.

The major business activities for the three 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.

The performance of the operating segments is assessed based on segment revenue and a measure of segment operating results. Unallocated administrative expenses, (provision)/reversal of ECLs allowance on financial assets, other gains/(losses), net, unallocated other income, finance costs, net 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 2024			
	Air ticket distribution HK\$'000	Travel business process management HK\$'000	Travel products and services HK\$'000	Total HK\$'000
Revenue from external customers	10,811	21,480	63,679	95,970
Time of revenue recognition				
At a point in time	10,811	21,480	198	32,489
Over the time	—	—	63,481	63,481
	10,811	21,480	63,679	95,970
Segment results	716	9,086	9,914	19,716
Other income				5
Other gains, net				5,087
Provision of ECLs allowance on financial assets				(29,721)
Administrative expenses				(23,159)
Finance costs, net				(172)
Loss before income tax				(28,244)
Income tax expense				(16,231)
Loss for the year				(44,475)
Other segment items:				
Depreciation and amortisation	31	53	—	84
Capital expenditure	8	15	—	23
Depreciation of right-of-use assets	196	718	—	914

Year ended 31 December 2023				
	Air ticket distribution HK\$'000	Travel business process management HK\$'000	Travel products and services HK\$'000	Total HK\$'000
Revenue from external customers	22,134	21,123	60,253	103,510
Time of revenue recognition				
At a point in time	22,134	21,123	197	43,454
Over the time	—	—	60,056	60,056
	<u>22,134</u>	<u>21,123</u>	<u>60,253</u>	<u>103,510</u>
Segment results	12,908	8,223	10,341	31,472
Other income				548
Other losses, net				(1,402)
Reversal of ECLs allowance on financial assets				1,171
Administrative expenses				(26,568)
Finance costs, net				<u>(70)</u>
Profit before income tax				5,151
Income tax expense				<u>(2,234)</u>
Profit for the year				<u><u>2,917</u></u>
Other segment items:				
Depreciation and amortisation	35	95	—	130
Capital expenditure	7	18	—	25
Depreciation of right-of-use assets	<u>212</u>	<u>755</u>	<u>—</u>	<u>967</u>

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

	Year ended 31 December	
	2024	2023
	HK\$'000	HK\$'000
Company A – travel business process management segment	21,480	21,078
Company B – travel products and services (Note)	11,695	N/A
Company C – travel products and services (Note)	10,409	N/A
Company D – travel products and services (Note)	N/A	10,470
Company E – travel products and services (Note)	N/A	10,109

Note: Those customers did not contribute 10% or more of the total revenue of the Group in the respective 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	
	2024	2023
	HK\$'000	HK\$'000
Canada	31,992	39,756
United States	497	3,698
Mainland China	63,481	60,056
	95,970	103,510

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

	As at 31 December	
	2024	2023
	HK\$'000	HK\$'000
Canada	55,734	72,336
United States	1,101	36,702
Hong Kong	2,690	4,805
Mainland China	51,302	27,961
	110,827	141,804

As at 31 December 2024, all material non-current assets, other than deferred income tax assets of approximately HK\$230,000, right-of-use assets of approximately HK\$526,000 and property, plant and equipment of approximately HK\$325,000 (2023: deferred income tax assets of approximately HK\$20,060,000), are located in Canada.

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

	Year ended 31 December	
	2024	2023
	HK\$'000	HK\$'000
Other income		
Sundry income	5	548
	5	548
Other gains/(losses), net		
Foreign exchange gain/(loss)	5,017	(1,437)
Fair value change in financial asset at FVTPL	70	35
	5,087	(1,402)

5 EXPENSES BY NATURE

	Year ended 31 December	
	2024	2023
	HK\$'000	HK\$'000
Cost of package tours	49,838	47,675
Employee benefit expenses (including directors' emoluments)	29,492	31,726
Office, telecommunication and utility expenses	2,782	2,780
Depreciation of right-of-use assets	2,035	1,839
Short-term leases expenses	272	341
Advertising and promotion	114	372
Credit card fees	21	25
Auditor's remuneration		
– Audit service	1,575	1,575
– Non-audit service	648	582
Depreciation of property, plant and equipment	301	824
Amortisation of intangible assets	—	1
Legal and professional fees	2,369	2,915
Service fees	6,481	4,628
Others	3,485	3,323
	<hr/>	<hr/>
Total cost of sales, selling and administrative expenses	<u>99,413</u>	<u>98,606</u>

6 FINANCE COSTS, NET

	Year ended 31 December	
	2024	2023
	HK\$'000	HK\$'000
Finance income		
– Interest income	29	177
	<hr/>	<hr/>
Finance costs		
– Interest expense on lease liabilities	(116)	(138)
– Imputed interest expense on loan from government	(85)	(109)
	<hr/>	<hr/>
	(201)	(247)
	<hr/>	<hr/>
Finance costs, net	<u>(172)</u>	<u>(70)</u>

7 INCOME TAX EXPENSE

Canadian corporate income tax has been provided at the rate of approximately 26.5% for the year ended 31 December 2024 (2023: approximately 26.5%) on the Group's respective taxable income, if any. United States federal income tax has been provided at the rate of 21% for the year ended 31 December 2024 (2023: 21%) on the Group's respective taxable income and the United States state and city tax has been calculated on the estimated assessable profit at 14.95% for the year ended 31 December 2024 (2023: 14.95%). PRC enterprise income tax has been provided at the rate of 25% for the year ended 31 December 2024 (2023: 25%) on the Group's respective taxable income.

	Year ended 31 December	
	2024	2023
	HK\$'000	HK\$'000
Current income tax expense/(credit)		
– Canadian corporate income tax	—	(12,321)
– US federal income tax	—	11
– US state income tax	—	3
– PRC enterprise income tax	1,347	584
– Over provision in prior years	—	(10)
Deferred income tax	14,884	13,967
Income tax expense	16,231	2,234

8 (LOSS)/EARNINGS PER SHARE

Basic (loss)/profit 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	
	2024	2023
(Loss)/profit attributable to owners of the Company (HK\$'000)	(44,475)	2,917
Weighted average number of ordinary shares in issue (Number of shares in thousand)	1,200,000	1,200,000
Basic and diluted (loss)/earnings per share (HK Cents)	(3.71)	0.20

Diluted (loss)/earnings/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 2024 and 2023, the Group has no dilutive potential ordinary shares.

9 DIVIDEND

The directors of the Company do not recommend the payment of a final dividend in respect of the year ended 31 December 2024 (2023: nil).

10 TRADE RECEIVABLES

	As at 31 December 2024 HK\$'000	As at 31 December 2023 HK\$'000
Incentive commission receivables	1,793	4,981
Less: ECLs allowance	(776)	(50)
	1,017	4,931
Other trade receivables	43,818	28,227
Less: ECLs allowance	(980)	(452)
	42,838	27,775
	43,855	32,706

Other trade receivables primarily represent trade receivables from travel products and services (2023: travel products and services). The payment period from customers is generally ranged from 30 to 90 days (2023: 90 days).

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

	As at 31 December	
	2024	2023
	HK\$'000	HK\$'000
Not overdue	10,549	28,070
1-90 days	9,041	4,636
91 to 180 days	15,776	—
Over 180 days	8,489	—
	43,855	32,706

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	
	2024	2023
	HK\$'000	HK\$'000
CAD	915	4,418
USD	102	513
RMB	42,838	27,775
	43,855	32,706

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 2023, and 31 December 2023 and 2024	<u>90,000,000</u>	<u>9,000</u>
Issued and fully paid:		
As at 1 January 2023, and 31 December 2023 and 2024	<u>1,200,000</u>	<u>120</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.

(d) Statutory reserve

Statutory reserve represents appropriation of profits of the PRC subsidiaries to non-distributable reserve fund account as required by the relevant PRC statute.

12 TRADE PAYABLES

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

	As at 31 December 2024 HK\$'000	As at 31 December 2023 HK\$'000
0 to 30 days	3,053	8,719
31 to 60 days	3,164	6,554
61 to 90 days	1,658	—
Over 90 days	21,257	—
	<u>29,132</u>	<u>15,273</u>

Trade payables are denominated in the following currencies:

	As at 31 December 2024 HK\$'000	2023 HK\$'000
RMB	<u>29,132</u>	<u>15,273</u>
	<u>29,132</u>	<u>15,273</u>

13 BANKING FACILITIES

As at 31 December 2024, the Group has banking facilities available in the form of letters of guarantee of approximately HK\$13,493,000 (2023: approximately HK\$14,766,000) in which approximately HK\$5,430,000 (2023: approximately HK\$5,092,000) 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 2024 and 2023.

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; and (iii) 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 total revenue of the Group decreased by approximately HK\$7.5 million or approximately 7.2%, from approximately HK\$103.5 million for the year ended 31 December 2023 to approximately HK\$96.0 million for the year ended 31 December 2024 (the “Year”). Such decrease was mainly attributable to the decrease in revenue generated from the air ticket distribution segment as further discussed below. Alongside the decrease in revenue, the gross profit of the Group decreased by approximately HK\$9.9 million or approximately 22.4%, from approximately HK\$44.2 million the year ended 31 December 2023 to approximately HK\$34.3 million for the Year. The overall gross profit margin of the Group decreased by approximately 7.0 percentage points, from approximately 42.7% for the year ended 31 December 2023 to approximately 35.7% for the Year, the decrease in gross margin was primarily attributable to the decrease in segment gross profit margin of the air ticket distribution segment.

Air Ticket Distribution

Segment revenue decreased by approximately 51.1% or approximately HK\$11.3 million, from approximately HK\$22.1 million for the year ended 31 December 2023, to approximately HK\$10.8 million for the Year. Such decrease was mainly attributable to the decrease in transaction volume of air tickets sales and gross sales proceeds generated from air tickets sales, primarily due to (i) the sluggishness in the air transportation volume between the People’s Republic of China (the “PRC”) and North America due to geopolitical tensions; and (ii) the intensified competitions under the backdrop of (i) above, which affected the Group’s revenue as an air ticketing consolidator. 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 2024, the Group had ticketing authority for more than 100 airlines, including top airlines based in Canada, the United States and the PRC.

Travel Business Process Management

The Group continued to provide a range of travel business process management including air ticket transaction processing, customer contact, BSP/ARC settlement and reconciliation, software development and travel licensing, compliance and other administrative matters to its customers. Segment revenue generated from travel business process management remained relatively stable at approximately HK\$21.5 million and HK\$21.1 million for the year ended 31 December 2024 and 2023, respectively. The Group reduced the average head count for the travel business process management segment to improve the operational efficiency and profitability. As a result, the Group recorded an increase in gross profit margin for the travel business process management segment of approximately 5.1 percentage points from approximately 66.4% for the year ended 31 December 2023 to approximately 71.5% for the Year. 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 customer, while at the same time optimise the Group's customer profile.

Travel Products and Services

Segment revenue increased by approximately 5.6% or approximately HK\$3.4 million from approximately HK\$60.3 million for the year ended 31 December 2023, to approximately HK\$63.7 million for the Year. Such increase was mainly attributable to the increase in transaction volume of company-operated cultural tours in the greater bay area of the PRC ("**Greater Bay Area**") following the Group's business development in this region, and the Group aims to achieve an orderly and steady growth in such regard. The management will continue to consolidate and expand the Group's presence in the Greater Bay Area through sourcing new customers and exploring new business opportunities.

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 (2023: nil). The Board will consider future dividend distribution in due course according to the Company's dividend policy.

FUTURE PROSPECT

Whilst there has been an improvement in the overall airline, travel and tourism industries, traffics and transaction volumes have yet to return to pre-pandemic levels. In particular, the air transportation volume between the PRC and North America has demonstrated sluggishness due to geopolitical tensions, coupled with intensified competition, have significantly impacted the air ticket distribution business of the Group. Going forward, the Group will continue to closely monitor and, if necessary, reassess the existing business model of the air ticket distribution business, and seek new business drivers leveraging on the Group's business networks and resources in this area.

In addition, the Group will continue to consolidate its presence in the travel industries of the Greater Bay Area. 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 and other potential service industries 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			
	2024		2023	
	HK\$'000	%	HK\$'000	%
Air ticket distribution	10,811	11.3	22,134	21.4
Travel business process management	21,480	22.4	21,123	20.4
Travel products and services	63,679	66.3	60,253	58.2
Total	95,970	100	103,510	100.0

The Group's revenue decreased by approximately HK\$7.5 million or approximately 7.2%, from approximately HK\$103.5 million for the year ended 31 December 2023 to approximately HK\$96.0 million for the Year. Such decrease was mainly attributable to the decrease in revenue generated from air ticket distribution segment.

Air Ticket Distribution

The revenue from air ticket distribution segment decreased by approximately HK\$11.3 million, or approximately 51.1%, from approximately HK\$22.1 million for the year ended 31 December 2023, to approximately HK\$10.8 million for the Year. Such decrease in revenue was mainly due to a decrease in transaction volume of air tickets sales and gross sales proceeds generated from air tickets sales, primarily due to (i) the sluggishness in the air transportation volume between the PRC and North America due to geopolitical tensions; and (ii) the intensified competitions in the industry.

Travel Business Process Management

The revenue from travel business process management segment remained relatively stable at approximately HK\$21.5 million and HK\$21.1 million for the year ended 31 December 2024 and 2023, respectively.

Travel Products and Services

The revenue from travel products and services segment increased by approximately HK\$3.4 million or approximately 5.6%, from approximately HK\$60.3 million for the year ended 31 December 2023, to approximately HK\$63.7 million for the Year. Such increase was mainly attributable to the increase in transaction volume of company-operated cultural tours in the Greater Bay Area following the Group's business development in this region.

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			
	2024		2023	
	Gross profit	Gross profit	Gross profit	Gross profit
	HK\$'000	margin %	HK\$'000	margin %
Air ticket distribution	5,951	55.0	17,586	79.5
Travel business process management	15,361	71.5	14,034	66.4
Travel products and services	12,952	20.3	12,578	20.9
Total	34,264	35.7	44,198	42.7

The gross profit of the Group decreased by approximately HK\$9.9 million or approximately 22.4%, from approximately HK\$44.2 million for the year ended 31 December 2023 to approximately HK\$34.3 million for the Year, primarily attributable to a decrease in revenue generated from air ticket distribution segment, coupled with a decrease in segment gross profit margin.

The overall gross profit margin of the Group decreased by approximately 7.0 percentage points, from approximately 42.7% for the year ended 31 December 2023 to approximately 35.7% for the Year, which was primarily attributable to decrease in segment gross profit margin of the air ticket distribution segment.

Air Ticket Distribution

The gross profit attributable to the air ticket distribution segment decrease by approximately HK\$11.6 million or approximately 65.9%, from approximately HK\$17.6 million for the year ended 31 December 2023 to approximately HK\$6.0 million for the Year, which was in part caused by the decrease in the transaction volume of air tickets sales and the corresponding decrease in gross sales proceeds, primarily due to (i) the sluggishness in the air transportation volume between the PRC and North America due to geopolitical tensions; and (ii) the intensified competitions in the industry. The gross profit margin for the air ticket distribution segment decrease by approximately 24.5 percentage points from approximately 79.5% for the year ended 31 December 2023 to approximately 55.0% for the Year, which was primarily attributable to a greater proportional decrease in segment revenue than segment cost of sales owing to intensified competitions.

Travel Business Process Management

The gross profit attributable to the travel business process management segment increased by approximately HK\$1.4 million or approximately 10.0%, from approximately HK\$14.0 million for the year ended 31 December 2023 to approximately HK\$15.4 million for the Year, which was primarily due to the increase in segment gross profit margin. The gross profit margin for the travel business process management segment increased by approximately 5.1 percentage points from approximately 66.4% for the year ended 31 December 2023 to approximately 71.5% for the Year, which was mainly due to the Group reduced the average head count for the travel business process management segment to improve operational efficiency and profitability.

Travel Products and Services

The gross profit attributable to the travel products and service segment increase by approximately HK\$0.4 million or approximately 3.2%, from approximately HK\$12.6 million for the year ended 31 December 2023 to approximately HK\$13.0 million for the Year, which was in line with the increase in revenue of the travel products and service segment. The gross profit margin for the travel business process management segment remained relatively stable at approximately 20.9% and 20.3% for the year ended 31 December 2023 and 2024, respectively.

Selling Expenses

The selling expenses remained relatively stable at approximately HK\$3.0 million and HK\$2.8 million for the years ended 31 December 2023 and 2024, respectively.

Administrative Expenses

The administrative expenses decreased slightly from approximately HK\$36.3 million for the year ended 31 December 2023 to approximately HK\$34.9 million for the Year, primarily due to decrease in average staff cost and legal and professional fee for the Year.

(Provision)/Reversal of ECLs Allowance on Financial Assets

The ECLs allowance on financial assets changed from a reversal of ECLs allowance of approximately HK\$1.2 million for the year ended 31 December 2023 to a provision of ECLs allowance of approximately HK\$29.7 million for the Year. Such turnaround was mainly attributable to an increase in longer aged balances from certain debtors as at 31 December 2024, as compared to that as at 2023. In such connection, the Group has proactively enhanced its trade receivables collection efforts, which included (i) closely monitoring the payment status of the longer aged receivables by reviewing the relevant accounts on a monthly basis, (ii) timely communicating with the relevant debtors to remind them of their payment obligations, and (iii) where necessary and appropriate, sending demand letters and seeking professional advice on legal actions that the Group is entitled to take.

(Loss)/Profit for the Year

The Group recognised a loss before income tax of approximately HK\$28.2 million for the Year, as compared to the profit before income tax of approximately HK\$5.2 million for the year ended 31 December 2023. Such turnaround was mainly attributable a turnaround in ECLs allowance on financial assets from a reversal of ECLs allowance of approximately HK\$1.2 million for the year ended 31 December 2023 to a provision of ECLs allowance of approximately HK\$29.7 million for the Year as discussed in the sub-section headed “(Provision)/Reversal of ECLs allowance on financial assets” above.

FINANCIAL RESOURCES, LIQUIDITY AND CAPITAL STRUCTURE

During the Year, 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 generated from operating activities was approximately HK\$3.2 million for the Year, as compared with net cash used in operating activities of approximately HK\$24.8 million for the year ended 31 December 2023. Net cash used in investing activities was approximately HK\$0.5 million for the Year, as compared with net cash generated from investing activities of approximately HK\$0.1 million for the year ended 31 December 2023. Net cash generated from financing activities for the Year was approximately HK\$3.0 million, as compared with net cash generated from financing activities of approximately HK\$7.3 million for the year ended 31 December 2023.

As at 31 December 2024, the Group's cash and cash equivalents amounted to approximately HK\$30.4 million, representing an increase of approximately 15.2% from approximately HK\$26.4 million as at 31 December 2023.

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 2024, the Group's gearing ratio was approximately 415.9% (2023: 6.6%). The gearing ratio increased by approximately 409.3 percentage points, from approximately 6.6% for the year ended 31 December 2023 to approximately 415.9% for the Year. Such increase was primarily attributable to decrease in total equity by the additional ECLs allowance on financial assets recognised by the Group for Year. 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 will have adequate financial resources to meet its ongoing operating and development requirements.

Net Current liabilities

As at 31 December 2024, the Group had net current liabilities of approximately HK\$13.2 million as compared with the net current assets of approximately HK\$20.0 million as at 31 December 2023. Such turnaround was primarily attributable to the additional ECLs allowance on financial assets recognised by the Group for Year.

Borrowings

As at 31 December 2024, the Group had interest-free loan from the Government of Canada under the Regional Economic Growth Through Innovation program of approximately HK\$2.3 million (2023: HK\$3.3 million), which were denominated in Canadian dollars, of which approximately HK\$0.7 million is repayable within one year, approximately HK\$0.8 million is repayable after one year but within two years, and approximately HK\$0.8 million is repayable after two years but within five years. The Directors expect that such loan will be repaid by internally generated funds.

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.

Financial asset at FVTPL

The financial asset at FVTPL of approximately HK\$1.4 million as at 31 December 2024 and financial asset at FVTPL of approximately HK\$1.5 million as at 31 December 2023 represented a government bond issued by the Canadian government with an interest rate of 3.6% per annum with a maturity date of 15 February 2025. Accordingly, the Group recorded current financial asset at FVTPL of approximately HK\$1.4 million as at 31 December 2024, and non-current financial asset at FVTPL of approximately HK\$1.5 million as at 31 December 2023.

Amount due to immediate holding company

As at 31 December 2024, the Group had an amount due to immediate holding company of HK\$17.0 million, as compared to HK\$10.0 million as at 31 December 2023. Such amount due to immediate holding company was non-trade in nature, interest-free, unsecured, repayable on demand and on normal commercial terms or better, and constituted a fully exempt financial assistance received by the Group pursuant to Rule 14A.90 of the Listing Rules.

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

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 and RMB at acceptable exchange rate for meeting the payment obligations arising from business operations. A net foreign exchange gain of approximately HK\$5.0 million was recorded for the year ended 31 December 2024 while a net foreign exchange loss of approximately HK\$1.4 million was recorded for the year ended 31 December 2023.

During the Year, 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 2024, the Group had a total of 82 employees as compared to 71 employees as at 31 December 2023. The total staff costs incurred by the Group for the Year were approximately HK\$29.5 million as compared to approximately HK\$31.7 million for the year ended 31 December 2023. 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, the Group did not conduct any significant investments, material acquisition or disposal of subsidiaries, associates or joint ventures.

PLEDGE OF ASSETS

As at 31 December 2024, the Group had government bond issued by the Canadian government of approximately HK\$1.4 million (2023: 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 3.6% per annum with a maturity date of 15 February 2025 (2023: 3.6% per annum with a maturity date of 15 February 2025).

CONTINGENT LIABILITIES

As at 31 December 2024, 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 2024.

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 2024 is set out below:

Use of net proceeds	Net proceeds from the share offer HK\$ million	Actual utilisation up to 31 December 2024 HK\$ million	Unutilised amounts as at 31 December 2024 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	2025
Upgrade the information technology infrastructure	6.7	4.8	1.9	2025
Expansion the travel business process management business	6.9	6.9	—	—
Advertising and promotion	1.2	1.2	—	—
	<u>49.7</u>	<u>35.4</u>	<u>14.3</u>	

As at 31 December 2024, 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 26 June 2025. 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 Friday,
20 June 2025
Closure of register of members..... Saturday, 21 June 2025 to
(both days inclusive) Thursday, 26 June 2025

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 C1 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 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. Dr. 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 Dr. 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 2024.

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 C3 to 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 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. Tan Wentao 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 2024 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 2024 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 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 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, International Standards on Review Engagements or International Standards on Assurance Engagements issued by the International Auditing and Assurance Standards Board, 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 containing all the information required by Appendix D2 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

Dr. Kou Chung Yin Mariana

Chairperson and executive Director

Hong Kong, 28 March 2025

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