飛揚集團

— FEIYANG TRAVEL GROUP —

Feiyang International Holdings Group Limited

飛揚國際控股(集團)有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock code : 1901

2024 ANNUAL REPORT

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CORPORATE INFORMATION

BOARD OF DIRECTORS	*Executive Directors* Mr. He Binfeng *(Chairman and chief executive officer)* Mr. Xiong Di Mr. Huang Yu Mr. Wu Bin Ms. Chen Huiling *Non-executive Director* Mr. Shen Yang *Independent Non-executive Directors* Mr. Li Huamin Ms. Zhao Caihong Ms. Yuan Shaoying (appointed on 26 August 2024) Mr. Yi Ling (resigned on 26 August 2024)
AUDIT COMMITTEE	Ms. Zhao Caihong *(Chairlady)* Mr. Li Huamin Ms. Yuan Shaoying (appointed on 26 August 2024) Mr. Yi Ling (resigned on 26 August 2024)
REMUNERATION COMMITTEE	Mr. Li Huamin *(Chairman)* Mr. He Binfeng Ms. Zhao Caihong
NOMINATION COMMITTEE	Mr. He Binfeng *(Chairman)* Mr. Li Huamin Ms. Yuan Shaoying (appointed on 26 August 2024) Mr. Yi Ling (resigned on 26 August 2024)
AUTHORISED REPRESENTATIVES	Mr. He Binfeng Mr. Tam Chun Wai Edwin
COMPANY SECRETARY	Mr. Tam Chun Wai Edwin
REGISTERED OFFICE IN THE CAYMAN ISLANDS	Suite #4-210, Governors Square 23 Lime Tree Bay Avenue PO Box 32311 Grand Cayman KY1-1209 Cayman Islands
HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PRC	East Mansion, Wuyi Plaza No. 2437 Zhongshan East Road Ningbo City, Zhejiang Province the People's Republic of China

CORPORATE INFORMATION

PRINCIPAL PLACE OF BUSINESS IN HONG KONG	4/F Wah Yuen Building 149 Queen's Road Central Hong Kong
WEBSITE	http://www.iflying.com/
STOCK CODE	1901
AUDITOR	CCTH CPA Limited Certified Public Accountants Registered Public Interest Entity Auditor
LEGAL ADVISER AS TO HONG KONG LAWS	Fangda Partners
PRINCIPAL BANKS	China Merchants Bank Co., Ltd, Ningbo Tianyi sub-branch China CITIC Bank Corporation Limited, Jiangbei sub-branch China Zheshang Bank Co., Ltd., Ningbo branch
CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE	Osiris International Cayman Limited Suite #4–210, Governors Square 23 Lime Tree Bay Avenue PO Box 32311 Grand Cayman KY1-1209 Cayman Islands
HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE	Tricor Investor Services Limited 17/F, Far East Finance Centre 16 Harcourt Road Hong Kong

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of directors (the "**Board**") of Feiyang International Holdings Group Limited (the "**Company**") and its subsidiaries (collectively, the "**Group**"), I am pleased to present the annual report of the Group for the year ended 31 December 2024 (the "**Year**"). The Group is a well-established travel service provider based in Ningbo, Zhejiang Province of the PRC and offers diversified products that cater for different travellers' needs.

BUSINESS

Domestic travel spending in China is projected to reach new heights this year, exceeding pre-pandemic figures. According to the China Tourism Academy, the number of domestic tourist trips is anticipated to surpass 6 billion in 2024. In the first half of 2024, China experienced a notable recovery in its tourism sector, largely due to efforts to boost inbound tourism. The significant return of Chinese travellers post-pandemic has further fuelled strong year-on-year growth, aided by improved travel infrastructure and providing high-quality leisure facilities.

The tourism industry in China has been actively promoting domestic travel, offering attractive packages and incentives to encourage more people to explore the country. This trend is expected to contribute significantly to the economic growth and recovery of the tourism sector in China.

During the Year, the Group's total revenue significant increased from RMB534.3 million for the year ended 31 December 2023 (the "**Previous Year**") to RMB715.9 million for the Year and the loss for the Year increased from RMB11.6 million for the Previous Year to RMB54.8 million for the Year, which was mainly due to (i) the recognised of impairment loss on financial assets of RMB50.4 million (Previous Year: RMB19.0 million) after the assessment of the credit risk on financial assets faced by the Group at the end of the Year; (ii) the increase in selling and distribution expenses of approximately RMB6.8 million mainly attributable to the increase in staff costs as a result of the expansion of our business network from Zhejiang Province to nationwide; and (iii) decrease in gross profits from provision of information system development services and finance lease income during the Year.

China's outbound travel sector is experiencing a robust recovery. Key drivers of this rebound include relaxed travel restrictions, improved international connectivity, and pent-up demand for overseas experiences. By the end of 2024, it is expected to reach approximately 130 million travellers, representing 90% of the pre-pandemic levels of 2019. According to China Trading Desk, the number of Chinese people traveling overseas is poised to reach 200 million by 2028, which solidifying China's position as a global travel powerhouse. We are optimistic about the future of Chinese outbound tourism. We have introduced a range of travel-related products, with a particular focus on Free Independent Travel (the "**FIT Products**") offerings and enticing package tours tailored to the preferences of Chinese travellers to capitalize on this burgeoning trend.

We persist to further diversify the income stream of the Group by expand our presence in the health products market through online platforms and collaborating with external manufacturers to develop and market health products under our brand to meet evolving consumer demands.

CHAIRMAN'S STATEMENT

PROSPECTS

China's tourism industry is showing strong signs of recovery and growth, China is capitalizing on policy support, infrastructure investments, and evolving consumer preferences to propel the sector forward.

Substantial investments in transportation infrastructure, such as high-speed rail networks, airports, and highways, have made travel within China more convenient and accessible, further supporting the growth of domestic tourism. In line with these developments, in April 2024, the Group set up a joint venture company, Anhui Feiyang Aviation Operations Development Co., Ltd.* (安徽飛揚航空運營發展有限公司), primarily engaged in the provision of airport operation-related services. It is expected that the joint venture cooperation would open up more flight routes and expand the aviation market, thereby promoting the high-quality development of civil aviation in Huangshan City.

China's proactive approach in revitalising its tourism sector through policy reforms, extended public holidays, enhanced travel facilities, and strategic development of tourist destinations is yielding impressive results. Additionally, the aging population is shaping the industry, the government is actively promoting age-friendly initiatives, such as senior-friendly train services, guided group tours, and health-focused travel packages, to meet the needs of this growing demographic. As inbound and outbound travel surge, China is making a substantial contribution to the global tourism economy.

Moving forward, the Group will persist in executing targeted strategic initiatives, sustaining steady operational growth, accelerating advancements to overcome development challenges, and working diligently to deliver greater value to our shareholders.

APPRECIATION

On behalf of the Board of Directors, I would like to express my heartfelt appreciation to our management team and all employees for their steadfast dedication, loyalty, hard work, and professional contributions, which are key to the ongoing success and resilience of our Group. Also, I would like to express our sincere appreciation to our stakeholders, business partners, clients and suppliers for their continuous and valuable support. We are optimistic that the business of our Group will be brilliant in the coming future.

He Binfeng
Chairman, executive director and chief executive officer

Ningbo, the PRC, 28 March 2025

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is a well-established travel service provider based in Ningbo, Zhejiang Province of the PRC and offers diversified products that cater for different travellers' needs. The Group is principally engaged in (i) the design, development and sales of outbound, domestic and surrounding travel package tours; (ii) the design, development and sales of FIT products, which mainly include provision of air tickets and/or hotel accommodation; (iii) the provision of ancillary travel-related products and services, including but not limited to visa application processing, admission tickets to tourist attractions, conferencing services and arranging purchase of travel insurance for the customers; (iv) the sales of health products; (v) the provision of information system development products and services; and (vi) the provision of finance lease services.

Domestic travel spending in China is projected to reach new heights this year, exceeding pre-pandemic figures. According to the China Tourism Academy, the number of domestic tourist trips is anticipated to surpass 6 billion in 2024.

The sustained strength of domestic travel was particularly evident during the Golden Week national holidays. Cross-regional passenger trips during this period reached over 278.76 million, representing an increase of 5.2% compared to 2023 and 24.8% higher than pre-pandemic levels in 2019. Such robust travel demand clearly demonstrates renewed consumer confidence and underscores the vitality of the domestic tourism market.

Acknowledging the vital role of holidays and leisure time in promoting domestic tourism, China announced revisions to its holiday schedule in November 2024, introducing two additional public holidays starting from 1 January 2025 — one extra day each for the Spring Festival and Labor Day. According to the Ministry of Culture and Tourism, the extended 8-day Spring Festival holiday in 2025 is expected to result in approximately 501 million domestic trips, representing a 5.9% increase year-on-year, and generate domestic tourism revenue of RMB677 billion, reflecting a 7.0% year-on-year growth.

Reflecting these positive developments, the sales of travel-related products and services of the Group has significantly increased from RMB512.2 million for the Previous Year to RMB698.8 million for the Year.

The COVID-19 pandemic has heightened consumer interest in health, nutrition, and wellness, driving an increase in the market for health-related products. The Group is leveraging this trend by continuing to diversify its business offerings through distributing health products through its online platform, and engaging external manufacturers to produce health products developed and marketed under the Group's brands. This growth boosted the Group's sales of health products from RMB5.3 million for the Previous Year to RMB16.3 million for the Year.

The Group recorded a net loss of RMB54.8 million and RMB11.6 million for the Year and the Previous Year, respectively. Despite the fact that the total revenue has significantly increased from RMB534.3 million in the Previous Year to RMB715.9 million for the Year, the Group recorded a significant increase in net loss mainly due to (i) the recognised of impairment losses on financial assets of RMB50.4 million (Previous Year: RMB19.0 million) after the assessment of the credit risk on financial assets faced by the Group at the end of the Year; (ii) the increase in selling and distribution expenses of approximately RMB6.8 million mainly attributable to the increase in staff costs as a result of the expansion of our business network from Zhejiang Province to nationwide; and (iii) decrease in gross profits from provision of information system development services and finance lease income during the Year.

MANAGEMENT DISCUSSION AND ANALYSIS

PROSPECTS

China's domestic tourism market achieved a robust recovery and remarkable expansion, underpinned by strong consumer confidence, supportive policy measures, and increased integration of innovative technologies. In the first three quarters of 2024, China's domestic tourism sector experienced robust growth. Domestic tourist arrivals totaled approximately 4.237 billion, an increase of 563 million compared to the previous year, which translates to a growth rate of 15.3%. Domestic tourism consumption not only rebounded from previous years but also exceeded pre-pandemic levels, showcasing sustained growth momentum and highlighting the increasingly vital role of domestic consumption in China's economic development. Total domestic tourism expenditure rose to RMB4.35 trillion, reflecting an increase of RMB660 billion or 17.9% from the same period in 2023. This trend demonstrates that Chinese consumers are not only traveling more frequently but are also spending more per capita, highlighting domestic consumption as a significant contributor to the national economy.

Furthermore, full-year data reinforces the robust growth trend observed in the domestic tourism sector. According to the Ministry of Culture and Tourism, Chinese residents undertook approximately 5.615 billion domestic trips throughout 2024, an increase of 724 million trips, or 14.8%, compared to 2023. Total domestic tourism expenditure soared to RMB5.75 trillion in 2024, representing a year-on-year growth of 17.1%. Urban residents contributed significantly to this spending, accounting for RMB4.93 trillion, which reflects an increase of 18.0%, while rural residents contributed RMB830 billion, representing a rise of 12.2%. This strong demand for travel clearly indicates a resurgence in consumer confidence and highlights the vitality of the domestic tourism market.

In response to heightened competition in the domestic tourism market, our Group is dedicated to preserving its leading position in the industry. We will proactively seek out market opportunities through strategic benchmarking, enhance key performance indicators, develop and utilize core competencies, and continually to refine our strategy to increase our competitiveness.

The Group is confident for its sustainable growth and believes that its management team with extensive industry experience and its agile operations team are able to adapt to the rapid changes of the demand from the market and adjust the business strategy in accordance with market trends.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

The following table sets forth the breakdown of the Group's revenue by business segment for the years indicated:

	Year ended 31 December			
	2024		2023	
	Revenue RMB'000	**Percentage of revenue %**	Revenue RMB'000	Percentage of revenue %
Travel-related products and services				
(i) Gross revenue from sales of FIT products	**397,529**	**55.5**	314,251	58.8
(ii) Sales of package tours	**289,075**	**40.4**	183,936	34.4
(iii) Margin income from sales of FIT products	**6,999**	**1.0**	12,369	2.3
(iv) Sales of ancillary travel-related products and services	**5,166**	**0.7**	1,624	0.3
	698,769	**97.6**	512,180	95.8
Sales of health products	**16,300**	**2.3**	5,273	1.0
Information system development services	**671**	**0.1**	4,801	0.9
Finance lease income	**128**	**–**	7,798	1.5
Sales of wines	**–**	**–**	2,791	0.5
Sales of information technology products	**–**	**–**	1,460	0.3
Total	**715,868**	**100.0**	534,303	100.0

During the Year, the Group generated revenue from: (i) provision of travel-related products and services, including gross revenue from sales of FIT products, sales of package tours, margin income from sales of FIT products and sales of ancillary travel-related products and services; (ii) sales of health products; (iii) provision of information system development services; and (iv) finance lease income; (v) sales of wines; and (vi) sales of information technology products. The Group's customers primarily comprised retail, corporate and institutional customers.

The Group's total revenue increased significantly by RMB181.6 million or 34.0% from RMB534.3 million for the Previous Year to RMB715.9 million for the Year, which was mainly attributable to increase in sales of the Group's travel related products and services as a result of the recovery of the tourism industry in the PRC.

Travel-related products and services

(i) Gross revenue from sales of FIT products

Gross revenue from sales of FIT products of air tickets and hotel accommodations to customers were recorded on a gross basis due to the Group's role in providing goods and rendering services as a principal and control over the goods and services provided by airline operators, hotel operators and other travel agencies during the Year. During the Year, the Group's gross revenue from sales of FIT products amounted to RMB397.5 million (Previous Year: RMB314.3 million) due to the expansion of our business network from Zhejiang Province to nationwide.

(ii) Sales of package tours

The sales of package tours mainly represented the fees received from customers for the package tours. The Group's package tours can be classified into (i) traditional package tours, which are group tours with standardised itineraries; and (ii) tailor-made tours, which are group tours with non-standardised itineraries and provide freedom for customers to select their preferred mode of transportations, hotels and tourist attractions.

Package tours by type

The following table sets forth the breakdown of the revenue from sales of package tours by type for the years indicated:

	Year ended 31 December			
	2024		2023	
	Revenue RMB'000	**Percentage of revenue %**	Revenue RMB'000	Percentage of revenue %
Traditional package tours	**266,320**	**92.1**	161,867	88.0
Tailor-made tours	**22,755**	**7.9**	22,069	12.0
Total	**289,075**	**100.0**	183,936	100.0

The sales of traditional package tours and tailor-made tours contributed 92.1% and 7.9% (Previous Year: 88.0% and 12.0%) of the Group's total sales of package tours for the Year, respectively. The Group's sales of package tours significantly increased by RMB105.1 million or 57.2% from RMB183.9 million for the Previous Year to RMB289.1 million for the Year.

The increase in sales from traditional package tours from RMB161.9 million for the Previous Year to RMB266.3 million for the Year was mainly due to recovery of the tourism industry which led to an increase in demand for package tours during the Year. The sales from tailor-made tours remained relatively stable from RMB22.1 million for Previous Year to RMB22.8 million for the Year.

(iii) Margin income from sales of FIT products

FIT products mainly include air tickets, hotel accommodation and a combination of both. The Group's margin income from sales of FIT products is recognised on a net basis, being the sales invoice amount of the FIT products netted off against the associated direct costs, as the Group render services as an agent, whereby the Group is only responsible for arranging the booking of FIT products with no control obtained over the services performed by airline operators, hotel operators and other travel agencies.

FIT Products by type

The Group's margin income from sales of FIT products included (i) margin income from sales of air tickets; and (ii) margin income from sales of other FIT products. The following table sets forth the breakdown of revenue of margin income from FIT products by type for the years indicated:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Margin income from sales of air tickets	**6,308**	12,205
Margin income from sales of other FIT products	**691**	164
Total	**6,999**	12,369

The Group's total margin income from sales of FIT products significantly decreased by RMB5.4 million or 43.4% from RMB12.4 million for the Previous Year to RMB7.0 million for the Year.

During the Year, the Group's margin income from sales of air tickets decreased by RMB5.9 million or 48.3%, from RMB12.2 million for the Previous Year to RMB6.3 million for the Year. Margin income from sales of air tickets decreased as more sales of FIT products were recorded on a gross basis during the Year.

The Group's margin income from sales of other FIT products increased from RMB0.2 million for the Previous Year to RMB0.7 million for the Year mainly due to the recovery of the tourism industry in the PRC during the Year.

(iv) Sales of ancillary travel-related products and services

The Group also offered ancillary travel-related products and services to customers, including but not limited to visa application processing, admission tickets to tourist attractions, conferencing services and arranging purchase of travel insurance for the customers. The sales of ancillary travel-related products and services increased from RMB1.6 million for the Previous Year to RMB5.2 million for the Year as the Group provided more management services for tourist attractions during the Year.

Sales of health products

In 2022, the Group ventured into new business opportunities into nutraceutical market through sales of health products, including Nicotinamide MonoNucleotide longevity supplements, liver detoxification supplements and related products to address the increasing attention to health and prevention by the consumers. Revenue generated from sales of health products increased by RMB11.0 million or 209.1%, from RMB5.3 million for the Previous Year to RMB16.3 million for the Year, which was mainly driven by the rising demand for anti-aging supplement, especially for NMN longevity supplements and the successful promotional campaigns targeting health-conscious consumers.

Information system development services

Information system development services mainly represented the provision of cloud storage services, web hosting services, enterprise mailbox and website development and leasing of equipment including rental of data centres, servers, hard drives, computing machines, cryptocurrency mining machines and other storage devices. Revenue from information system development services amounted to RMB0.7 million for the Year (Previous Year: RMB4.8 million).

Finance lease income

In 2023, the Group launched its new business segment for rental of computing power machines and hardware equipment. The revenue generated from finance lease income significantly decreased to RMB0.1 million for the Year (Previous Year: RMB7.8 million).

Sales of wines

During the Previous Year, the Group sold wines together with wine non-fungible token ("**NFT**"). The wine NFT linked to a physical bottle or barrel of wine, and the winemaking information from planting to bottling can be specified on the NFT. No revenue was generated from sales of wines for the Year (Previous Year: RMB2.8 million).

Sales of information technology products

Sales of information technology products included sales of computing machines and computer components and storage, such as processors, motherboards, hard drives and server components. No revenue was generated from sales of information technology products during the Year (Previous Year: RMB1.5 million).

Cost of sales

The Group's cost of sales mainly represented the (i) direct costs incurred for the sales of package tours including land and cruise operation, air ticket and local transportation, hotel accommodation and others, and (ii) costs incurred for sales of FIT products. Cost of sales increased significantly by RMB187.4 million or 39.0% from RMB480.0 million for the Previous Year to RMB667.4 million for the Year. Such increase was due to increase in cost incurred for sales of FIT products and package tours as a result of the recovery of the tourism industry in the PRC, while the Group recognised majority of sales of FIT products on a gross basis during the Year, which further contributed to the increase in cost of sales during the Year.

Gross profit and gross profit margin

The following table sets forth the breakdown of the Group's gross profit and gross profit margin by business segment for the years indicated:

	Year ended 31 December			
	2024		2023	
	Gross profit/ (loss) RMB'000	**Gross profit margin/(loss) %**	Gross profit RMB'000	Gross profit margin %
Travel-related products and services				
(i) Gross revenue from sales of FIT products	**(1,918)**	**(0.5)**	11,662	3.7
(ii) Package tours				
— Traditional	**37,667**	**14.1**	20,825	12.9
— Tailor-made	**2,103**	**9.2**	1,971	8.9
	39,770	**13.8**	22,796	12.4
(iii) Margin income from sales of FIT Products	**6,317**	**90.3**	12,241	99.0
(iv) Ancillary travel-related products and services	**1,119**	**21.7**	774	47.7
	45,288	**6.5**	47,473	9.3
Sales of health products	**2,449**	**15.0**	1,131	21.4
Information system development services	**625**	**93.1**	3,370	70.2
Finance lease income	**128**	**100.0**	2,125	27.3
Sales of wines	**–**	**–**	99	3.5
Sales of information technology products	**–**	**–**	135	9.2
Total	**48,490**	**6.8**	54,333	10.2

The Group recorded gross profit of RMB48.5 million and RMB54.3 million, representing gross profit margin of 6.8% and 10.2% for the Year and the Previous Year, respectively. The decrease in the overall gross profit was mainly due to decrease in gross profits from (i) sales of FIT Products on a gross basis by RMB13.6 million; (ii) margin income from sales of FIT Products by RMB5.9 million; and (iii) information system development services by RMB2.7 million, but the effects of which were offset by increase in gross profit generated from package tours by RMB17.0 million to RMB39.8 million during the Year (Previous Year: RMB22.8 million).

The overall gross profit margin decreased by 3.4 percentage points from 10.2% for the Previous Year to 6.8% for the Year, which was mainly attributable to the changes in the Group's product and service mix. As the Group's majority of sales of FIT Products were recorded on a gross basis during the Year, the respective proportion of revenue generated from gross revenue from sales of FIT products will affect the overall gross profit margin. The Group's margin income from gross revenue from sales of FIT products had relatively lower profit margin compared to other business segments.

MANAGEMENT DISCUSSION AND ANALYSIS

The overall gross profit margin of package tours slightly increased from 12.4% for the Previous Year to 13.8% for the Year. The Group recorded a gross loss margin of 0.5% from sales of FIT Products on a gross basis during the Year (Previous Year: gross profit margin: 3.7%) which mainly due to increase in the arrangements for ticket changes and refund as a result of flight cancellations or delays.

The overall gross profit margin of sales of health products decreased from 21.4% for the Previous Year to 15.0% for the Year which mainly due to (i) aggressive promotional pricing strategies aimed at capturing market share; and (ii) rising raw material costs and logistics expenses.

Other income and gains

Other income and gains mainly consisted of (i) compensation income on profit guarantee arrangement; (ii) government grant; and (iii) sundry income.

Other income and gains decreased by RMB3.8 million from RMB38.8 million for the Previous Year to RMB35.0 million for the Year mainly due to (i) the absence of realised gain on disposal of listed equity securities during the Year (Previous Year: RMB4.0 million). Such decrease was partially offset by the increase in recognition of (i) compensation income on profit guarantee arrangement by RMB2.5 million from RMB27.7 million in the Previous Year to RMB30.2 million during the Year from Ningbo Zhenhang Business Service Co., Ltd.* ("**Ningbo Zhenhang**"), Zhejiang Feijiada Aviation Service Co., Ltd.* ("**Zhejiang Feijiada**") and Hainan Zhenlv International Travel Agency Co., Ltd.* (海南真旅國際旅行社有限公司) ("**Hainan Zhenlv**", together with Zhejiang Feijiada, the "**Target Group**") as a result of failure to fulfill the net profit requirement; and (ii) government grant by RMB1.3 million during the Year, which was non-recurring and with no unfulfilled conditions of contingencies. For details of the non-fulfilment and the termination agreement entered into with respect to the Group's interest in the Target Group, please refer to the announcement of the Company dated 20 February 2025 and the circular of the Company dated 24 February 2025 and the section headed "Subsequent Events" in this report.

Selling and distribution expenses

Selling and distribution expenses mainly consisted of (i) staff costs from sales department; (ii) advertising and marketing expenses to promote the Group's products and services through various channels such as social networks, magazines and marketing events; (iii) depreciation; and (iv) office and utility expenses for the tourism square, retail branches and sales office.

The Group's selling and distribution expenses increased by RMB6.8 million or 31.5% from RMB21.5 million for the Previous Year to RMB28.3 million for the Year mainly attributable to the increase in staff costs by RMB6.4 million as a result of the increase in headcount due to the expansion of our business network from Zhejiang Province to nationwide.

Administrative expenses

The Group's administrative expenses mainly consisted of (i) staff costs of administrative departments; (ii) office and utility expenses for the Group's offices; (iii) depreciation; (iv) transaction fee representing processing fee paid to payment platforms for transactions; (v) legal and professional fee; and (vi) other administrative expenses.

Administrative expenses decreased by RMB2.4 million or 5.7% from RMB42.2 million for the Previous Year to RMB39.8 million for the Year, which was mainly due to (i) decrease in staff costs by RMB1.2 million as a result of optimisation of its business segments and management team; and (ii) the absence of refund for NFT during the Year (Previous Year: RMB1.2 million).

Impairment losses on financial assets, net

The following table sets forth the breakdown of the Group's (reversal)/provision of impairment loss on financial assets for the years indicated:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Trade receivables impairment provision/(provision reversed)	**(12,986)**	17,757
Prepayments, deposits and other receivables	**57,829**	1,125
Finance lease receivables	**5,580**	96
Total	**50,423**	18,978

The Group uses a provision matrix to calculate expected credit losses ("**ECL**") for trade receivables. To measure the provision rates, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The Group calibrates the matrix to adjust the current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

The ECL of finance lease receivables, refund from suppliers, deposits and other receivables are estimated by applying a loss rate approach with reference to the historical loss record of the Group. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate.

The Directors are of the view that (i) the above method used in determining the amount of the impairments comply with the requirements of Hong Kong Financial Reporting Standards ("**HKFRSs**"); and (ii) the basis used reasonably reflected past events, current conditions and forecasts of future economic development.

In order to recover the impaired balances, the Group has taken relevant measures including commencing litigation against certain debtors and has applied to court for seizure of assets from the debtors for cases where judgment was obtained in favour of the Group.

Other expenses

The Group's other expenses mainly consisted of (i) fair value loss and realised loss on investment in listed equity securities; (ii) impairment loss of property, plant and equipment; (iii) loss on settlement of prepayments; and (iv) loss on disposal on associates.

Other expense increased by RMB0.9 million from RMB7.9 million for Previous Year to RMB8.8 million for the Year mainly due to (i) recognition of loss on settlement of prepayments of RMB3.4 million during the Year, which was non-recurring in nature (Previous Year: Nil); and (ii) recognition of loss on disposal of 40% equity interest in an associate named Zhejiang Yangkai Intelligent Technology Co., Ltd.* (浙江揚凱智慧科技有限公司) and deregistration of Ningbo Yinjiang Feiyang Cultural Tourism Development Co., Ltd.* (寧波鄞江飛揚文旅開發有限公司) ("**Ningbo Yinjiang**") in aggregate of RMB1.2 million during the Year (Previous Year: Nil). Such increase was partially offset by the absence of realised fair value loss on listed equity securities during the Year (Previous Year: RMB4.8 million).

Finance costs

The Group's finance costs mainly represented interest expenses on bank and other borrowings, bills payable and lease liabilities. The finance costs decreased by RMB0.9 million from RMB10.8 million for the Previous Year to RMB9.9 million for the Year was mainly due to the decrease in average borrowings during the Year.

Income tax expense

Income tax expenses decreased by RMB1.4 million for the Year mainly due to decrease assessable profits. The income tax expense of RMB0.4 million for the Year was mainly attributed by the under-provision of income tax expenses in the prior years.

Loss for the year attributable to the owners of the Company

As a result of the foregoing, loss for the Year attributable to the owners of the Company was RMB42.0 million (Previous Year: RMB9.6 million).

Prepayments, deposits and other receivables, net

The following table sets forth the breakdown of the prepayments, deposits and other receivables after impairment allowance:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Non-current:		
Prepayments	**16,871**	–
Other receivables	**1,153**	–
Rental deposits	**–**	473
	18,024	473
Current:		
Prepayments	**108,864**	67,888
Deposit and other receivables, net	**63,339**	66,410
Refund from suppliers	**23,445**	22,223
	195,648	156,521
Total	**213,672**	156,994

The prepayments, deposits and other receivables increased by RMB56.7 million from RMB157.0 million as at 31 December 2023 to RMB213.7 million as at 31 December 2024, which was primarily attributable to the increase in (i) prepayment for procurement of travel-related products and services as a result of recovery of the tourism industry in the PRC during the Year; and (ii) prepayment for potential investment projects in relation to medical service and investment immigration.

Prepayments

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Non-current		
Investment projects	**9,556**	–
Wine	**7,315**	–
	16,871	–
Current		
Travel-related products and services		
— Air tickets	**50,202**	12,444
— Hotel accommodation, meal and tour guide	**36,769**	18,838
— Land and cruise operators	**4,935**	1,111
— Train ticket	**1,559**	–
	93,465	32,393
Investment projects	**8,334**	17,776
Health products and wine	**2,226**	10,012
Rental expenses for equipment	**–**	941
Research and development expenses	**2,952**	2,831
Others	**1,887**	3,935
	108,864	67,888
	125,735	67,888

The Group's prepayments mainly represented prepayments for (i) procurement of air tickets for both of package tours and FIT Products which were required by the Group's air ticket suppliers; (ii) package tours to land operators, cruise holiday packages to cruise operators, hotel reservation, meal and other related expense for package tours and FIT Products that which had not departed as at the end of reporting period; and (iii) potential investment projects in relation to medical service and investment immigration.

The increase in prepayments by RMB57.8 million from RMB67.9 million as at 31 December 2023 to RMB125.7 million as at 31 December 2024 was mainly due to increase in procurement of package tours related expense by RMB61.1 million as a result of increase in demand for package tours.

Deposits and other receivables, net

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Non-current		
Deposit for property, plant and equipment	**1,153**	–
Current		
Deposits — procurement of air tickets	**34,621**	24,824
Deposits — others	**8,812**	6,250
Commission receivables	**2,960**	9,045
Refund from suppliers in relation to contract dispute	**731**	2,828
Other receivables	**16,215**	23,463
	63,339	66,410
	64,492	66,410

The Group's deposits and other receivables, net mainly represented deposits for procurement of air tickets which were paid to airline operators, global distribution system service providers and ticketing agents. The Group's other receivables mainly represented petty cash for the tour escorts and staff, and receivable from disposal of property, plant and equipment.

The decrease in deposits and other receivables, net by RMB1.9 million from RMB66.4 million as at 31 December 2023 to RMB64.5 million as at 31 December 2024 was primarily due to increase in deposit for procurement of air tickets of RMB9.8 million as the Group's majority sales of FIT Products were on gross basis during the Year, which was partially offset by (i) the decrease in commission receivables from airline operators by RMB6.1 million; and (ii) the decrease in refund from suppliers in relation to contract dispute by RMB2.1 million.

Refund from suppliers

Refund from suppliers mainly represented prepayments and deposits made which were reclassified to refund from suppliers as such amount would not be used for future procurement from respective air ticket suppliers, land and cruise operators and other suppliers due to the travel restrictions and refundable to the Group.

Refund from air ticket suppliers, land and cruise operators and other suppliers remained relatively stable at RMB23.4 million as at 31 December 2024 (2023: RMB22.2 million).

Impairment assessment

The Group performed recoverability assessment on prepayment, deposits and other receivables, including but not limited to information about the strength of the suppliers to make the refund or honour the settlement obligations, under the expected credit loss model upon application of HKFRS 9, and allowance of impairment loss of RMB57.8 million (Previous Year: RMB1.1 million) was recognised for the Year. The increase of provision for impairment loss during the Period mainly attributed to the increase in other receivables in relation to the compensation income from Ningbo Zhenhang, Zhejiang Feijiada and Hainan Zhenlv as a result of failure to fulfill the net profit requirement. For details of the non-fulfilment and the termination agreement entered into with respect to its interest in the Target Group, please refer to the announcement of the Company dated 20 February 2025 and the circular of the Company dated 24 February 2025 and the section headed "Subsequent Events" in this report.

LIQUIDITY AND FINANCIAL REVIEW

As at 31 December 2024, the Group's current assets and current liabilities were RMB337.4 million and RMB350.5 million (31 December 2023: RMB432.9 million and RMB478.8 million), respectively, of which the Group maintained cash and bank balances of RMB36.7 million (31 December 2023: RMB56.5 million) and pledged short-term deposits of RMB3.0 million (31 December 2023: RMB3.0 million). As at 31 December 2024, the Group's current ratio was 1.0 times (31 December 2023: 0.9 times).

As at 31 December 2024, all bank and other borrowings of the Group bore fixed interest rates, the maturity and currency profile are set out as follows:

	Within 1 year RMB'000
RMB	197,460

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net debt includes interest-bearing bank and other borrowings, lease liabilities, trade payables and contract liabilities, other payables and accruals, less cash and cash equivalents and pledged deposits. Total capital represents equity attributable to the owners of the owners of the Company. The gearing ratios as at 31 December 2024 and 2023 were as follows:

	2024 RMB'000	2023 RMB'000
Interest-bearing bank and other borrowings	**197,460**	194,857
Lease liabilities	**9,244**	13,042
Trade payables	**33,816**	139,880
Contract liabilities, other payables and accruals	**107,704**	132,847
Less: Cash and cash equivalents	**(36,688)**	(56,500)
Pledged deposits	**(3,042)**	(3,042)
Net debt	**308,494**	421,084
Equity attributable to owners of the Company	**58,636**	77,416
Total capital and net debt	**367,130**	498,500
Gearing ratio	**84%**	84%

The average turnover days of trade receivables remained relatively stable at 74.1 days and 75.0 days for the Year and the Previous Year, respectively. The average turnover days of trade payables for the Year decreased to 47.6 days (Previous Year: 59.8 days) as the Group settled the trade payables balance more quickly.

The Group adopts conservative treasury policies in cash and financial management. Cash is generally placed in deposits mostly denominated in RMB and Hong Kong dollars ("**HKD**"). The Group's liquidity and financing requirements are reviewed regularly.

MANAGEMENT DISCUSSION AND ANALYSIS

After taking into account the Group's indebtedness as at 31 December 2024, the Directors have given careful consideration in working capital sufficiency. To mitigate the liquidity position of the Group and to improve the financial position of the Group, the Directors have undertaken certain plans and measures, including:

(i) The Group has been actively negotiating with banks in renewing its short-term borrowings upon their maturities and there is no indication that the banks will not renew the existing borrowings if the Group applies for the renewal; and

(ii) The Group is implementing various measures, such as optimising its overall sales network and undergoing effective cost control to improve the profit margin and operating cash flows of its business.

The Directors are of the opinion that, after taking into account the above plans and measures, the liquidity needs of the Group will be managed, the financial position of the Group will be improved, and in the absence of unforeseen circumstances, the Group will have sufficient working capital for the Group's requirements.

CAPITAL STRUCTURE

There is no material change in the capital structure of the Company during the Year. The capital of the Company comprises only ordinary shares.

FOREIGN EXCHANGE RISK MANAGEMENT

Majority of the Group's sales, procurements and operating costs are denominated in RMB, except for certain air tickets from international airline operators which were mainly denominated and settled in HKD and such foreign currency transactions and exposure were not material to the Group's total cost of air tickets as a whole. During the Year, the Group has not entered into any hedging transactions to reduce the exposure to foreign exchange risk, which the Directors consider not material to the Group's financial performance. However, the Group will continue to closely monitor all possible exchange risk arising from the Group's existing operations and new investments in the future and will implement the necessary hedging arrangement(s) to mitigate any significant foreign exchange exposure.

CHARGE ON ASSETS

As at 31 December 2024 and 2023, the Group's bank loans are secured by:

(i) mortgages over the Group's investment properties situated in the PRC, which had an aggregate net carrying value of RMB6.6 million as at 31 December 2024 (2023: RMB6.6 million); and

(ii) the pledge of certain of the Group's trade receivables amounting to RMB3.5 million as at 31 December 2024 (2023: RMB0.7 million).

During the Year, the Controlling Shareholders had jointly guaranteed certain of the Group's banking facilities of up to RMB207.5 million (2023: RMB249.0 million).

Mr. Zhang Dayi, the director of certain subsidiaries of the Company, and Ms. Zhang Xiaoshan, the spouse of Mr. Zhang Dayi, had jointly guaranteed certain of the Group's banking facilities of up to RMB49.0 million as at 31 December 2024 (2023: RMB46.0 million).

EMPLOYMENT AND REMUNERATION POLICY

As at 31 December 2024, the total number of employees of the Group was 274 (31 December 2023: 257). Staff costs (including Directors' emoluments) amounted to RMB34.5 million for the Year (Previous Year: RMB29.5 million). Remuneration of the employees includes salary, discretionary bonuses and share options based on the Group's results and individual performance and the Group conducts regular performance reviews to assess the performance of the employees.

Retirement benefits schemes and in-house training programmes are made available to all levels of personnel. The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of payroll costs to the central pension scheme.

DIVIDEND

The Board did not recommend the payment of any final dividend for the Year (Previous Year: Nil).

INVESTMENT PROPERTIES

The Group's investment properties contain offices in Mainland China and are leased to third parties under operating leases for rental income. As at 31 December 2024, the Group's investment properties amounted to RMB6.6 million (2023: RMB6.6 million) and were revalued based on valuations performed by an independent professionally qualified valuer.

INVESTMENT IN ASSOCIATES

As at 31 December 2024, the Group's investments in associates primarily represented by its interests in (i) Xinjiang Culture and Tourism Tianhe Aviation Services Co., Ltd* (新疆文旅天和航空服務有限公司), which is principally engaged in the provision of travel related services in Xinjiang, the PRC, and (ii) Anhui Feiyang Aviation Operations Development Co., Ltd* (安徽飛揚航空運營發展有限公司), which is principally engaged in the provision of airport operation related services. During the Year, the Group recorded share of losses of associates of RMB0.8 million.

As at 31 December 2023, the Group investments in associates primarily represented by its interest in Ningbo Yinjiang. During the Previous Year, the Group recorded share of losses of associates of RMB1.6 million. As disclosed in the announcement of the Company dated 18 June 2020, the Group entered into an investment cooperation agreement dated 18 June 2020, pursuant to which the shareholders of Ningbo Yinjiang agreed to make capital contribution to Ningbo Yinjiang. The main purpose of setting up Ningbo Yinjiang was to capture the demand for local tourist attractions during the COVID-19 pandemic, given the travel restrictions and lockdown measures in place. The Group and the other shareholders of Ningbo Yinjiang believed that local travel would be a viable option during these challenging times and sought to explore business opportunities within the local tourism sector.

However, as the COVID-19 pandemic progressed and travel restrictions began to ease, it became evident that consumer preference had shifted towards outbound travel as international destinations reopened. Furthermore, Ningbo Yinjiang originally planned to acquire land use rights from the government for the development of local tourist attractions in Ningbo. As the land allocated by the government was designated for agricultural purposes, Ningbo Yinjiang was required to obtain governmental approval for a change in use to facilitate tourism development. Due to the lengthy process involving multiple levels of authority and the change in relevant government personnel in charge for the application, Ningbo Yinjiang was unable to complete the change of land use or acquire the land use rights from the government as planned. As the cooperation did not proceed as expected, the shareholders of Ningbo Yinjiang decided to discontinue the proposed development of tourist attractions and proceed with the deregistration of Ningbo Yinjiang, and the amount of capital contribution in the sum of RMB56 million made by the Group was returned to the Group during the Year. Ningbo Yinjiang did not commence business operations prior to its deregistration.

Having considered the investment in local tourism business has become less attractive after the COVID-19 pandemic and the relatively insignificant loss incurred on the investment in Ningbo Yinjiang, the Board was of the view that it would be in the best interest of the Company and its shareholders as a whole to discontinue the proposed development of local tourist attractions and proceed with the deregistration of Ningbo Yinjiang as it allows the Group to redirect the investment amount towards its core business operations. Upon completion of the deregistration, the Group recognised a loss from deregistration of Ningbo Yinjiang of approximately RMB1.2 million.

SIGNIFICANT INVESTMENT

As at 31 December 2024, the Group did not hold any significant investment, with a value of over 5% of the total assets of the Group. As at 31 December 2023, the Group held 19% equity interest in Ningbo Yinjiang, with carrying amount amounted to RMB56.0 million, representing approximately 9.8% of the total assets of the Group as at 31 December 2023. No dividend was received by the Group from Ningbo Yinjiang during the Year.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR ADDITIONS OF CAPITAL ASSETS

In April 2024, Zhejiang Feiyang International Travel Group Co., Ltd.* (浙江飛揚國際旅遊集團股份有限公司) ("**Feiyang International**"), a deemed indirect wholly-owned subsidiary of the Company, Anhui Civil Aviation Airport Group Co., Ltd.* (安徽民航機場集團有限公司) ("**Anhui Airport Group**") and Huangshan Tourism Development Co., Ltd.* (黃山旅遊發展股份有限公司) ("**Huangshan Tourism Company**") set up a joint venture company, Anhui Feiyang Aviation Operations Development Co., Ltd.* (安徽飛揚航空運營發展有限公司) ("**Anhui Feiyang**") in the PRC. The registered capital of Anhui Feiyang is RMB10 million, which is contributed as to 45%, 30% and 25% by Anhui Airport Group, Feiyang International and Huangshan Tourism Company, respectively. Anhui Feiyang is principally engaged in the provision of airport operation related services. It is expected that the joint venture cooperation would open up more flight routes and expand the aviation market, thereby effectively promoting the high-quality development of civil aviation in Huangshan City. For further details, please refer to the announcement of the Company dated 13 May 2024.

In August 2024, Ningbo Yinjiang, one of the associates of the Group, was deregistered. Please refer to "Management Discussion and Analysis — Investments in Associates" in this report for further details.

Save as disclosed in this report, as at 31 December 2024, there were no other significant investments, material acquisitions and disposals by the Company during the Year, nor there was any other future plans for material investments or additions of capital assets at the date of this report.

CAPITAL COMMITMENTS

As at 31 December 2024, the Group had capital commitments for machinery and acquisition for investment projects amounting to nil (2023: RMB8.2 million), and RMB45.7 million (2023: RMB44.9 million) respectively.

CONTINGENT LIABILITIES

Save as disclosed in the paragraph headed "Subsequent Events" below, the Group did not have any significant contingent liabilities as at 31 December 2024 and 2023.

SUBSEQUENT EVENTS

On 10 October 2022 (after trading hours), Feiyang International, Ningbo Zhenhang, the Target Group, Liu Rong (劉榮) and Xia Guofeng (夏國峰) entered into an equity transfer agreement (the "**Original Agreement**"), pursuant to which the Feiyang International acquired 60% equity interest in Zhejiang Feijiada (the "**Sale Shares**") from Ningbo Zhenhang at the consideration of RMB90,720,000. The transactions contemplated under the Original Agreement was completed on 15 October 2022. For further details of the acquisition of the Sale Shares under the Original Agreement, please refer to the Company's announcements dated 10 October 2022 and 6 January 2023.

Pursuant to the Original Agreement, Ningbo Zhenhang and the Target Group guarantee to Feiyang International that during the three years from 15 October 2022, the net profit of the Target Group shall not be less than RMB50,400,000 for each year (the "**Annual Guarantee Profit**") and RMB4,200,000 for each month (the "**Monthly Guarantee Profit**", together with the Annual Guarantee Profit, the "**Guarantee Profit**"). If the actual net profit of the Target Group for the Annual Guarantee Profit or the Monthly Guarantee Profit falls short of the Guarantee Profit and Ningbo Zhenhang makes up for the shortfall, Feiyang International shall pay the consideration for the relevant period according to the Agreement. If Ningbo Zhenhang does not make up for the shortfall fully, the consideration payable for the relevant period(s) shall be adjusted downward proportionately. Moreover, the Group has the unilateral right to terminate the Original Agreement if the Target Group (i) fails to meet sustainable expectations; (ii) records net losses for two consecutive months; or (iii) fails to meet the Monthly Guarantee Profit for three times or more in a year. As the business performance of the Target Group did not meet the expectation of the Group in 2024 and the Target Group had recorded net losses for a prolonged period since May 2024, Feiyang International and Ningbo Zhenhang, among others, entered into a conditional equity transfer agreement on 19 November 2024 (the "**Termination Agreement**"). Pursuant to the Termination Agreement, Feiyang International has conditionally agreed to sell, and Ningbo Zhenhang has conditionally agreed to purchase the Sale Shares at the consideration of RMB22,680,000, and Feiyang International shall return RMB22,680,000 to Zhejiang Feijiada, being the total amount of dividend distributed by Zhejiang Feijiada to Feiyang International. For further details, please refer to the announcements of the Company dated 19 November 2024 and 20 February 2025 and the circular of the Company dated 24 February 2025.

On 20 March 2025, the Company obtained the approval of the shareholders at the extraordinary general meeting for the disposal of the Sale Shares (the "**Disposal**"), and all conditions precedent as set out under the Termination Agreement have been met. The Disposal was completed on 2 April 2025. As a result of the completion of the Disposal, the Group has ceased to have any equity interest in Zhejiang Feijiada, and the Target Group has ceased to be a subsidiary of the Company and its financial results including its profit or loss will no longer be consolidated into the financial statements of the Group. As the amount of the consideration equals to the amount of dividend required to be returned to the Target Company pursuant to the Termination Agreement, no net proceeds were generated from the Disposal.

MANAGEMENT DISCUSSION AND ANALYSIS

On 9 February 2025, a civil legal proceeding was filed by a third party against the Target Group and certain third parties with the Sanya Suburban People's Court (三亞市城郊人民法院). The dispute, involving an amount of approximately RMB74 million, pertains to the terms of services contract transacted during the Year. To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the court has not yet issued any judgment in respect of the legal proceeding, which is expected to be withdrawn after negotiation among the parties. Based on the above and after taking into account the Disposal, the Directors considered the claim as contingent liabilities and are of the view that the legal proceeding has not and will not have any material effect on the Group's business and financial condition.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board and the management of the Group are committed to maintaining a high standard of corporate governance which is reviewed and strengthened from time to time. The Company's corporate governance practices are based on principles and code provisions as set out in the Corporate Governance Code (the "**CG Code**") and Corporate Governance Report contained in Appendix C1 to the Listing Rules. Except for the deviation from code provision C.2.1 of the CG Code, the Company's corporate governance practices have complied with the CG Code for the year ended 31 December 2024.

Code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. Mr. He is the chairman and the chief executive officer of the Company. Since Mr. He has been operating and managing Feiyang International, the main operating subsidiary of the Company since its establishment and due to his familiarity with the operations of the Group, the Board is of the view that it is in the best interest of the Group to have Mr. He taking up both roles for effective management and business development of the Group following the Listing and Mr. He will provide a strong and consistent leadership to the Group. This arrangement ensures a more effective and efficient overall strategic planning of the Group as this structure enables the Company to make and implement decisions promptly and effectively. Further, the Company has put in place an appropriate check-and-balance mechanism through the Board and three independent non-executive Directors. The independent non-executive Directors are able to retain independence of character and judgment and are able to express their views without any constraint. In addition, the Board also consists of five other executive Directors who are familiar with the day-to-day business of the Company. The Company will consult the Board for any major decisions. Therefore, the Board considers that the balance of power and authority of the present arrangement with the Board and the independent non-executive Directors will not be impaired because such arrangement would not result in excessive concentration of power in one individual which could adversely affect the interest of minority Shareholders. As such, the deviation from code provision C.2.1 of the CG Code is appropriate in such circumstance. The Board will continue to review and consider splitting the roles of the chairman of the Board and the chief executive officer of the Company at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole.

DIRECTORS AND SENIOR MANAGEMENT PROFILE

The biographical details of the Directors and senior management of the Company are set out as follows:

DIRECTORS

Executive Directors

Mr. He Binfeng (何斌鋒)

Mr. He Binfeng (何斌鋒), aged 52, executive Director, chairman of the Board and chief executive officer. He was appointed as a Director on 18 October 2018 and re-designated as an executive Director on 16 January 2019. Mr. He is also the chairman of the nomination committee of the Company ("**Nomination Committee**") and a member of the remuneration committee of the Company ("**Remuneration Committee**"). Mr. He is the founder of the Group. Mr. He is responsible for formulating corporate strategy, planning, business development and supervising the overall operation of the Group. Mr. He is also the director of the Company's subsidiaries, namely, Bird Investment Group Limited ("**Bird Investment**"), Feiyang HK Group Limited ("**Feiyang HK**"), Ningbo Shengda Feiyang Commercial Management Co., Ltd. ("**Shengda Feiyang**"), Ningbo Feiyang Commercial Management Co., Ltd. ("**Ningbo Commercial**"), Ningbo Feiyang Expo Services Co., Ltd. ("**Feiyang Expo**") and Zhejiang Feiyang International Travel Group Co., Ltd. ("**Feiyang International**").

Mr. He has over 25 years of experience in the tourism industry. Mr. He served as a tour guide and office manager of Ningbo China Travel Service Group Co., Ltd. (寧波中國旅行社集團有限公司) from July 1994 to August 1997 and from May 1999 to January 2000, respectively. From July 1997 to May 1999, Mr. He worked at the Quality Supervision and Management Department of the Ningbo Tourism Bureau (寧波市旅遊局) (currently known as Ningbo Bureau of Culture, Radio, TV and Tourism (寧波市文化廣電旅遊局)). From January 2000 to August 2001, he served as a manager of Ningbo Travel Service Group Company Ltd. Gulou Office (寧波旅行社有限責任公司鼓樓門市部). From September 2001, Mr. He served as the chairman and general manager of Feiyang International.

Mr. He completed his bachelor's study in tourism economics at Hangzhou University (杭州大學) (currently known as Zhejiang University (浙江大學)) in the PRC in July 1994.

Mr. Xiong Di (熊笛)

Mr. Xiong Di (熊笛), aged 51, has been appointed as an executive Director and the chief financial officer with effect from 20 May 2021.

Mr. Xiong has over 15 years of experience in financial management. From March 2003 to February 2011, he served as a finance manager at Ningbo Junsheng Group Co., Ltd (寧波均勝集團股份有限公司). From March 2011 to April 2013, he served as the chief financial officer of Canghai Group Co., Ltd (滄海集團股份有限公司). From September 2013 to May 2018, he served as the chief financial officer and secretary to the board of directors of Zhejiang Feiyang International Travel Group Co., Ltd. (浙江飛揚國際旅遊集團有限公司) ("**Feiyang International**"), a subsidiary of the Company. From July 2018 to April 2021, he served various positions (including deputy general manager, director, chief financial officer and chief administrative officer) at Ningbo Anchuang Electronic Technology Co., Ltd. (寧波安創電子科技有限公司). He has rejoined Feiyang International and worked as the chief financial officer and secretary to the board since April 2021.

Mr. Xiong obtained professional certificate in business management from Hangzhou University of Commerce (杭州商學院) (currently known as Zhejiang Gongshang University (浙江工商大學)) in the PRC in June 1999. He became a registered tax advisor in the PRC in November 2020.

DIRECTORS AND SENIOR MANAGEMENT PROFILE

Mr. Huang Yu (黃宇)

Mr. Huang Yu (黃宇), aged 37, executive Director and chief technology officer. He was appointed as a Director on 18 October 2018 and re-designated as an executive Director on 16 January 2019. Mr. Huang joined the Group on 22 December 2014 as a chief technology officer. Mr. Huang is responsible for the technology system development of the Group. Mr. Huang is also a director of one of the subsidiaries of the Company, namely Zhejiang Hengyue Information Technology Co., Ltd ("**Zhejiang Hengyue**").

Mr. Huang has over nine years of experience in the information technology industry. Prior to joining the Group, Mr. Huang served as the chief executive officer and chief technology officer of Beijing Zhimeng Chuangke Technology Limited Liability Company (北京智夢創科科技有限責任公司) from November 2011 to April 2013. From June 2013 to September 2014, Mr. Huang served as the manager of technology department and the chief technology officer of Zhejiang Marmot Network Technology Company Limited (浙江土撥鼠網絡科技有限公司).

Mr. Huang obtained a bachelor's degree in integrated circuit design and integrated system and a master's degree in computer software and theory at University of Electronic Science and Technology of China (中國電子科技大學) in July 2010 and June 2013, respectively.

Mr. Wu Bin (吳濱)

Mr. Wu Bin (吳濱), aged 56, executive Director and duty general manager. He was appointed as a Director on 18 October 2018 and re-designated as an executive Director on 16 January 2019. Mr. Wu joined the Group on 1 December 2006 as a joint chief executive officer. Mr. Wu is responsible for the sales and customers service functions of the Group. Mr. Wu is also a director of the Company's subsidiaries, namely Zhejiang Feiyang Travel Agency Co., Ltd ("**Feiyang Travel Agency**"), Shengda Feiyang and Feiyang International.

Mr. Wu has over 30 years of experience in the tourism industry. Prior to joining the Group, Mr. Wu served as a tour guide and deputy general manager of China International Travel Agency Ningbo Branch (中國國際旅行社寧波支社) (currently known as Ningbo China International Travel Service Company Limited (寧波中國國際旅行社有限公司)) from December 1986 to September 1992 and September 2001 to November 2005, respectively. From September 1992 to August 1997, Mr. Wu served as a manager of the planning and operating department of Ningbo China Travel Service Group Co., Ltd (寧波中國旅行社集團有限公司). From August 1997 to February 2001, Mr. Wu served as a manager of the external relations department of Ningbo Overseas Travel Service Co Ltd (寧波海外旅行社有限公司) (currently known as Ningbo Overseas Travel Co., Ltd (寧波海外旅遊有限公司)). From November 2005 to September 2006, Mr. Wu served as the deputy general manager of the Ningbo branch of Zhejiang Zhongshan International Travel Services Limited (浙江中山國際旅行社有限責任公司).

Mr. Wu completed his middle school's study at Ningbo No. 13 Middle School (寧波市第13中學) in July 1985. Mr. Wu obtained his qualification as a tour guide and travel service manager of international travel agencies in June 1989 and November 2003, respectively. Since September 2018, Mr. Wu has been enrolled in a long distance learning course at the Beijing Technology University (北京理工大學) studying public administrative management.

DIRECTORS AND SENIOR MANAGEMENT PROFILE

Ms. Chen Huiling (陳惠玲)

Ms. Chen Huiling (陳惠玲), aged 36 has been appointed as an executive Director with effect from 21 November 2022.

Ms. Chen has over ten years of experience in marketing and operation. Ms. Chen obtained a master's degree in Hotel and Tourism Management from the Hong Kong Polytechnic University in October 2014. She served as the deputy director of operation in Jiangsu Damu Architecture Design Co., Ltd.* (江蘇大木建築設計有限公司) from March 2010 to July 2012. She was the director of marketing of Shanghai Damu Hotel Design Consulting Co., Ltd.* (上海大木酒店設計顧問有限公司) from July 2012 to May 2019. She was an executive director of Shanghai Ren'en Health Management Consulting Co., Ltd.* (上海仁恩健康管理咨詢有限公司) from May 2019 to August 2021. She worked as the general manager of Nanjing Yiji Brand Management Co., Ltd.* (南京以吉品牌管理有限公司) from September 2021 to November 2022.

Non-executive Director

Mr. Shen Yang (沈陽)

Mr. Shen Yang (沈陽), aged 45, has been appointed as a non-executive Director with effect from 11 May 2022.

Mr. Shen has over 20 years of experience in investment and extensive experience in investment and management in the pan-cultural entertainment industry. Mr. Shen has been the president of Jiangsu Xinde Holdings Co., Ltd. (江蘇信德控股有限公司) since 2014, the supervisor of Shanghai Lianchen Investment Management Co., Ltd. (上海聯臣投資管理有限公司) since May 2016, and the president of Shanghai Xinde Hongye Enterprise Management Group Co., Ltd. (上海信德鴻業企業管理集團有限公司) since January 2017. Since October 2021, Mr. Shen also served as the chairman of Shanghai Liyumen Supply Chain Management Co., Ltd. (上海鯉魚門供應鏈管理股份有限公司). From October 2020 to September 2021, Mr. Shen served as an executive director of MH Development Limited, a company whose shares were listed on the Stock Exchange and subsequently delisted in September 2021 (stock code: 2662). Mr. Shen also serves in several public organisations. He is currently a member of the Chinese People's Political Consultative Conference of Shanghai Pudong New Area (中國人民政治協商會議上海市浦東新區委員會), a council member of the Jiangsu Youth Chamber of Commerce (江蘇省青年商會), and a vice-chairman of the Nanjing Youth Chamber of Commerce (南京青年商會).

Independent non-executive Directors

Mr. Li Huamin (李華敏)

Mr. Li Huamin (李華敏), aged 47, was appointed as an independent non-executive Director on 29 April 2019 and is the chairman of the Remuneration Committee and a member of the Audit Committee and Nomination Committee.

From August 2003, Mr. Li was a teacher at the Zhejiang University Ningbo Institute of Technology (浙江大學寧波理工學院). He was subsequently promoted to lecturer and associate professor at the same university in September 2005 and December 2010, respectively. From August 2012, Mr. Li served as the deputy committee officer of Ningbo Tourism Standardisation Technical Committee (寧波市旅遊標準化技術委員會) and was promoted to deputy secretary general of the same committee for a term of four years since September 2018. Mr. Li served as an executive chairman at the Ningbo Research Institute of Tourism Development (寧波市全域旅遊發展研究院) since March 2018. Mr. Li was appointed as an independent director of Feiyang International on 10 February 2017 for the purpose of preparing for the proposed listing of Feiyang International on ChiNext and he ceased to be the independent director of Feiyang International on 3 August 2018.

Mr. Li obtained his bachelor's degree in arts from Jiangxi Education College (江西教育學院) (currently known as Nanchang Normal University (南昌師範學院)) in the PRC in October 2000 through a distant learning programme. Mr. Li obtained his master's degree in tourism management from Zhejiang University (浙江大學) in the PRC in March 2003 and a doctor's degree in agricultural economics management from the school of management at Zhejiang University in the PRC in March 2008.

Ms. Zhao Caihong (趙彩紅)

Ms. Zhao Caihong (趙彩紅) has been appointed as an independent non-executive Director, the chairlady of the Audit Committee and a member of the Remuneration Committee with effect from 3 November 2022.

Ms. Zhao, aged 50, has over 20 years of experience in education and accounting. Ms. Zhao obtained a bachelor's degree in Accounting from East China Jiaotong University (華東交通大學) in July 1999 and a master's degree in Accounting from Jilin University (吉林大學) in June 2003. She served as an accountant in Tongliao, Inner Mongolia branch of China Tietong Telecom (中國鐵通集團有限公司) from July 1999 to August 2000. She has been a teacher in Business School of Zhejiang Wanli College (浙江萬里學院商學院) since September 2003. Ms. Zhao has been a certified public accountant in the PRC since 2003 and has been certified as a professor in accounting since 2021.

Ms. Yuan Shaoying (袁少穎)

Ms. Yuan Shaoying (袁少穎) has been appointed as an independent non-executive Director, a member of the Audit Committee and the Nomination Committee with effect from 26 August 2024.

Ms. Yuan Shaoying (former name: Yuan Kedan), aged 39, has over 15 years of experience in legal practise. Ms. Yuan obtained her master's degree in law from Osaka University in March 2011 in Japan. She served as a legal counsel in Panasonic Electric (China) Limited (松下電器(中國)有限公司) from 2007 to 2008. She served as a lawyer in Beijing Dacheng Law Offices, LLP, Shanghai (北京大成(上海)律師事務所) from 2011 to 2014. She has been a partner of Beijing Dacheng Law Offices, LLP, Hangzhou (北京大成(杭州)律師事務所) since 2014. Ms. Yuan obtained a qualification certificate as an independent director awarded by the Shanghai Stock Exchange in August 2021. Ms. Yuan has been an independent director of GRINM Semiconductor Materials Co., Ltd. (有研半導體矽材料股份公司) (a company listed on the Shanghai Stock Exchange, stock code: 688432) since May 2021 and an independent director of Hangzhou Zhongtai Cryogenic Technology Corporation (杭州中泰深冷技術股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 300435) since July 2023.

DIRECTORS AND SENIOR MANAGEMENT PROFILE

SENIOR MANAGEMENT

Mr. He Binfeng (何斌鋒), Mr. Xiong Di (熊笛), Mr. Huang Yu (黃宇) and Mr. Wu Bin (吳濱) are also the senior management of the Group. See "Executive Directors" above for details.

COMPANY SECRETARY

Mr. Tam Chun Wai Edwin (談俊緯)

Mr. Tam Chun Wai Edwin (談俊緯), aged 43, is the company secretary of the Company. Mr. Tam is responsible for the corporate secretarial work of the Group. He was appointed on 16 January 2019. Mr. Tam holds a bachelor degree in accounting and finance from The Manchester Metropolitan University in the United Kingdom and has over 20 years of experience in financial and accounting management, corporate governance and compliance affairs. Mr. Tam is a practising fellow member of the Hong Kong Institute of Certified Public Accountants, fellow of the Association of Chartered Certified Accountants, the Hong Kong Chartered Governance Institute and the Chartered Governance Institute in the United Kingdom.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Board of Directors (the "**Board**") is committed to ensuring the Company adhere to a good standard of corporate governance.

The Board believes that good corporate governance standards are essential in providing a framework for the Company to safeguard the interests of shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company has adopted and applied the principles as set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix C1 to the Listing Rules as the basis of the Company's corporate governance practices.

During the year ended 31 December 2024, the Company has complied with all the applicable code provisions as set out in the CG Code, except for code provision C.2.1 described in the paragraph headed "Board of Directors — Chairman and Chief Executive Officer" in this Corporate Governance Report and matters discussed below and in the section headed "Risk Management and Internal Controls" in this Corporate Governance Report.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors.

Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the required standard set out in the Model Code throughout the Year.

The Company has also adopted the Model Code as its written guidelines (the "**Employees Written Guidelines**") in respect of securities dealings by relevant employees who are likely to be in possession of unpublished price-sensitive information of the Company. No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company.

CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS

The Company is headed by an effective Board which oversees the Group's businesses, strategic decisions and performance and takes decisions objectively in the best interests of the Company.

The Board should regularly review the contribution required from a Director to perform his responsibilities to the Company, and whether the Director is spending sufficient time performing them.

Board Composition

The Board currently comprises nine Directors, consisting of five executive Directors, one non-executive Director and three independent non-executive Directors.

The composition of the Board is as follows:

Executive Directors

Mr. He Binfeng *(Chairman and Chief Executive Officer)*
Mr. Xiong Di
Mr. Huang Yu
Mr. Wu Bin
Ms. Chen Huiling

Non-executive Director

Mr. Shen Yang

Independent Non-executive Directors

Mr. Li Huamin
Ms. Zhao Caihong
Ms. Yuan Shaoying (appointed on 26 August 2024)
Mr. Yi Ling (resigned on 26 August 2024)

The biographical information of the Directors are set out in the section headed "Directors and Senior Management Profile" on pages 24 to 27 of this annual report.

Ms. Yuan Shaoying had obtained the legal advice referred to in Rule 3.09D of the Listing Rules on 26 August 2024 and has confirmed she understood her obligations as a Director.

To the best knowledge of the Board, there are no other relationship (including financial, business, family, and other material/relevant relationships) among the members of the Board as of the date of this annual report.

Chairman and Chief Executive Officer

Code provision C.2.1 of the CG Code stipulates that the role of chairman and chief executive officer should be separated and should not be performed by the same individual.

Under the current management structure of the Company, Mr. He Binfeng is the chairman of the Board (the "**Chairman**") and the chief executive officer of the Company. Since Mr. He Binfeng has been operating and managing Feiyang International, the main operating subsidiary of the Company since its establishment and due to his familiarity with the operations of the Group, the Board is of the view that it is in the best interest of the Group to have Mr. He Binfeng taking up both roles for effective management and business development of the Group following the listing of the Company (the "**Listing**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and Mr. He Binfeng will provide a strong and consistent leadership to the Group. This arrangement ensures a more effective and efficient overall strategic planning of the Group as this structure enables the Company to make and implement decisions promptly and effectively. Further, the Company has put in place an appropriate check-and-balance mechanism through the Board and three independent non-executive Directors. The independent non-executive Directors are able to retain independence of character and judgment and are able to express their views without any constraint. In addition, the Board also consists of five other executive Directors who are familiar with the day-to-day business of the Company. The Company will consult the Board for any major decisions. Therefore, the Board considers that the balance of power and authority of the present arrangement with the Board and the independent non-executive Directors will not be impaired because such arrangement would not result in excessive concentration of power in one individual which could adversely affect the interest of minority Shareholders. As such, the deviation from code provision C.2.1 of the CG Code is appropriate in such circumstance. The Board will continue to review and consider splitting the roles of the chairman of the Board and the chief executive officer of the Company at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole.

Board Independence

The Company recognises that Board independence is important to good corporate governance. The Company has in place effective mechanisms that underpin an independent Board. The current composition of the Board comprises one third of the independent non-executive Directors, and the members of the Audit Committee are all independent non-executive Directors. The Remuneration Committee and Audit Committee are all chaired by independent non-executive Directors. The remuneration of independent non-executive Directors are subject to a regular review to maintain competitiveness and commensurate with their responsibilities and workload. The independence of each independent non-executive Director is assessed upon his/her appointment and annually.

Directors are requested to declare their direct or indirect interests, if any, in proposals or transactions to be considered by the Board at the Board meetings and abstain from voting, where appropriate. External independent professional advice is available to all Directors, including independent non-executive Directors, whenever deemed necessary. The independent non-executive Directors have consistently demonstrated strong commitment and the ability to devote sufficient time to discharge their responsibilities at the Board, and the Company has also established channels through formal and informal means whereby independent non-executive Directors can express their views in an open manner, and in a confidential manner, should circumstances require.

On the basis of the above measures that have been put into place, the Board is of the view that the above mechanisms was effective in ensuring that independent views and input were available to the Board throughout the Year.

Independent Non-executive Directors

During the Year, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors, with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors are independent.

Appointment and Re-election of Directors

Each of the Directors has entered into a service contract or letter of appointment with the Company for a specific term of three years, subject to retirement by rotation and re-election at the Annual General Meeting.

The articles of association of the Company (the "**Articles of Association**") provides that all Directors appointed to fill a casual vacancy shall be subject to re-election by shareholders at the first general meeting of the Company after appointment.

Under the Articles of Association, at each annual general meeting, one-third of the Directors for the time being, or if their number is not three or a multiple of three, the number nearest to but not less than one-third, shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election.

Responsibilities, Accountabilities and Contributions of the Board and Management

The Board should assume responsibility for leadership and control of the Company; and is collectively responsible for directing and supervising the Company's affairs.

The Board directly, and indirectly through its committees, leads and provides direction to management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that sound internal control and risk management systems are in place.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. The independent non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent judgement on corporate actions and operations.

All Directors have full and timely access to all the information of the Company and may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses, for discharging their duties to the Company.

The Directors shall disclose to the Company details of other offices held by them.

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and co-ordinating the daily operation and management of the Company are delegated to the management.

Continuous Professional Development of Directors

All Directors, including executive Directors and independent non-executive Directors, should keep abreast of their collective responsibilities as Directors and of the businesses and activities of the Group. Every newly appointed Director has received a formal and comprehensive induction on the first occasion of his appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills. All Directors are encouraged to attend relevant training courses at the Company's expenses.

The Group provided briefings and other training to develop and refresh the Directors' knowledge and skills, and updates all Directors on the latest developments regarding the Listing Rules and other applicable regulatory requirements to ensure compliance and to enhance their awareness of good corporate governance code.

The Directors are committed to complying with the code provision C.1.4 on Directors' training. During the Year, all the Directors received training materials, including from the Company's legal advisers, about matters relevant to their duties as directors of a listed company. They also kept abreast of matters relating to their role as directors by such means as attendance at seminars and conference and/or reading materials about financial, commercial, economic, legal, regulatory and business affairs.

The following Directors pursued continuous professional development and relevant details are summarised as follows:

Name of Directors	Type of Training *Note*
Executive Directors	
Mr. He Binfeng	✓
Mr. Xiong Di	✓
Mr. Huang Yu	✓
Mr. Wu Bin	✓
Ms. Chen Huiling	✓
Non-executive Director	
Mr. Shen Yang	✓
Independent Non-executive Directors	
Mr. Li Huamin	✓
Ms. Zhao Caihong	✓
Ms. Yuan Shaoying (appointed on 26 August 2024)	✓
Mr. Yi Ling (resigned on 26 August 2024)	✓

Note: During the year ended 31 December 2024, all Directors received training and training materials, including from the Company's legal advisers, about matters relevant to their duties as directors of a listed company. They also kept abreast of matters relevant to their role as Directors by such means as attendance at seminars and conferences and/or reading materials about financial, commercial, economic, legal, regulatory and business affairs.

BOARD COMMITTEES

The Board has established 3 committees, namely, the Audit Committee, the Remuneration Committee, and the Nomination Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with specific written terms of reference which deal clearly with their authority and duties. The terms of reference of the Audit Committee, Remuneration Committee and Nomination Committee are posted on the Company's website and the Stock Exchange's website and are available to shareholders upon request.

The list of the chairman and members of each Board committee is set out under "Corporate Information" on page 2 of this annual report.

Audit Committee

As at 31 December 2024, the Audit Committee consists of three independent non-executive Directors, namely Ms. Zhao Caihong, Mr. Li Huamin and Ms. Yuan Shaoying (appointed on 26 August 2024). Ms. Zhao Caihong is the chairlady of the Audit Committee.

The terms of reference of the Audit Committee are of no less exacting terms than those set out in the CG Code. The main duties of the Audit Committee are to assist the Board in reviewing the financial information and reporting process, risk management and internal control systems, effectiveness of the internal audit function, scope of audit and appointment of external auditors and arrangements to enable employees of the Company to raise concerns about possible improprieties in financial reporting, internal control, or other matters of the Group.

During the Year, the Audit Committee held two meetings to review the interim and annual financial results and reports and significant issues on the financial reporting, operational and compliance controls.

Remuneration Committee

The Remuneration Committee consists of three members, namely Mr. Li Huamin, independent non-executive Director, Mr. He Binfeng, executive Director and Ms. Zhao Caihong, independent non-executive Director. Mr. Li Huamin is the chairman of the Remuneration Committee.

The terms of reference of the Remuneration Committee are of no less exacting terms than those set out in the CG Code. The primary functions of the Remuneration Committee include making recommendations to the Board on the remuneration packages of individual Directors and senior management, the remuneration policy and structure for all Directors and senior management; establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration; and reviewing and approving matters relating to share schemes under Chapter 17 of the Listing Rules.

During the year ended 31 December 2024, the Remuneration Committee discussed and recommended the grant of share options of the Company. Having considered that (1) the share options to be granted will give the grantees an opportunity to have a personal stake in the Company; and (2) the value of the share options shall be subject to the market performance of the Shares, which in turn depends on the performance of the Group, to which the grantees would directly contribute, the Remuneration Committee considers that the grant of the share options aligns with the purpose of the Share Option Scheme. The Remuneration Committee is also of the view that the vesting period is appropriate and aligns with the objectives of the Share Option Scheme, having considered that (1) the share options to be granted will provide each of the Grantees with an opportunity to have a personal stake in the Company; (2) each of the grantees has demonstrated notable commitment and contributions over their tenure with the Group; and (3) the Group aims to further motivate the grantees to enhance their performance, thereby contributing to the overall improvement of the Group's performance.

A meeting of the Remuneration Committee was held in March 2024. Details of the remuneration of the Directors and the five highest paid employees are set out in Notes 9 and 10 to the consolidated financial statements.

The remuneration of the members of senior management by band for the Year is set out below:

Remuneration bands	Number of individuals
Nil to HK$1,000,000	4

Nomination Committee

As at 31 December 2024, the Nomination Committee consists of three members, namely Mr. He Binfeng, executive Director, Mr. Li Huamin, independent non-executive Director and Ms. Yuan Shaoying (appointed on 26 August 2024), independent non-executive Director. Mr. He Binfeng is the chairman of the Nomination Committee.

The terms of reference of the Nomination Committee are of no less exacting terms than those set out in the CG Code. The principal duties of the Nomination Committee include reviewing the Board composition, developing and formulating relevant procedures for the nomination and appointment of Directors, making recommendations to the Board on the appointment and succession planning of Directors, and assessing the independence of independent non-executive Directors.

In assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning Board diversity as set out in the Company's Board Diversity Policy. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's relevant criteria as set out in the Director Nomination Policy that are necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendation to the Board.

During the Year, the Nomination Committee met once to review the structure, size and composition of the Board with reference to the Board Diversity Policy as mentioned below and considered its effectiveness and to review the independence of the independent non-executive Directors.

Board Diversity Policy

The Company has adopted a board diversity policy (the "**Board Diversity Policy**") which sets out the approach to achieve diversity of the Board and is available on the website of the Company. The Company recognises and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in maintaining the Company's competitive advantage.

Pursuant to the Board Diversity Policy, the Nomination Committee will review annually the structure, size and composition of the Board and where appropriate, make recommendations on changes to the Board to complement the Company's corporate strategy and to ensure that the Board maintains a balanced diverse profile. In relation to reviewing and assessing the Board composition, the Nomination Committee is committed to diversity at all levels and will consider a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, experience, expertise, qualifications, skills and knowledge as well as independence of the Board.

The Company aims to maintain an appropriate balance of diversity perspectives that are relevant to the Company's business growth and is also committed to ensuring that recruitment and selection practices at all levels (from the Board downwards) are appropriately structured so that a diverse range of candidates are considered.

The Board will consider setting measurable objectives to implement the Board Diversity Policy and review such objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives.

The Nomination Committee will review the Board Diversity Policy on a regular basis to ensure its effectiveness.

As at the date of this report, the Board comprises six male Directors and three female Directors. Three of the Directors are independent non-executive Directors and independent of management, thereby promoting critical review and control of the management process. The Board believes that gender diversity is a representing manifestation of Board diversity, among all other measurable objectives. While the Board has a domination of male composition, the Company has two female Directors achieving female representation in the Board. The Board is of the view that the existing gender diversity in respect of the Board is sufficient, and that the nomination policy of the Company can ensure that there will be a pipeline of potential successors to the Board which continues the existing gender diversity in the Board. The Board is also characterised by significant diversity, whether considered in terms of professional background and skills.

As at 31 December 2024, the gender ratio of the Group's workforce was approximately 31% male to 69% female. The Company's hiring is merit-based and non-discriminatory. The Board is satisfied that the Company has achieved gender diversity in its workforce, and the Company anticipates this diverse workforce will be maintained going forward.

Director Nomination Policy

The Board has delegated its responsibilities and authority for selection and appointment of Directors to the Nomination Committee of the Company.

The Company has adopted a director nomination policy (the "**Director Nomination Policy**") which sets out the selection criteria and process and the Board succession planning considerations in relation to nomination and appointment of Directors of the Company and aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and the continuity of the Board and appropriate leadership at Board level.

The Director Nomination Policy sets out the factors for assessing the suitability and the potential contribution to the Board of a proposed candidate, including but not limited to the following:

- character and integrity;
- qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy;

- diversity in all aspects, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service;

- requirements of independent non-executive Directors on the Board and independence of the proposed independent non-executive Directors in accordance with the Listing Rules; and

- commitment in respect of available time and relevant interest to discharge duties as a member of the Board and/or Board committee(s) of the Company.

The Director Nomination Policy also sets out the procedures for the selection and appointment of new Directors and re-election of Directors at general meetings.

Dividend policy

The Company has adopted a dividend policy (the "**Dividend Policy**") which sets out the approach to maintain a balance between meeting shareholders' expectations and prudent capital management with a sustainable dividend policy. The Company does not have any pre-determined dividend payout ratio. The declaration of dividends is subject to the discretion of the Board. Any declaration of final dividend by the Company shall also be subject to the approval of the shareholders in a shareholders' meeting.

The Directors may recommend a payment of dividends in the future after taking into account the Group's operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions, capital expenditure and future development requirements, shareholders' interests and other factors which they may deem relevant at such time. Any declaration and payment as well as the amount of the dividends will be subject to constitutional documents, any applicable laws and regulations, including the Cayman Islands Companies Law. Historical dividend distributions are not indicative of the future dividend distribution. Any distributable profits that are not distributed in any given year will be retained and available for distribution in subsequent years. To the extent profits are distributed as dividends, such portion of profits will not be available to be reinvested in the Group's operations.

Update on Directors' Information

Mr. Yi Ling resigned as an independent non-executive Director and a member of each of the Audit Committee and the Nomination Committee with effect from 26 August 2024.

Corporate Governance Functions

The Board is responsible for performing the functions set out in the code provision A.2.1 of the CG Code.

During the Year, the Board reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code and Employees Written Guidelines, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

ATTENDANCE RECORDS OF DIRECTORS

The attendance record of each Director at the Board and Board Committee meetings held during the Year is set out in the table below:

	Number of Meetings Attended/ Number of Meetings held for the Year				
Name of Directors	Board meeting(s)	Audit Committees meeting(s)	Remuneration Committee meeting(s)	Nomination Committee meeting(s)	Annual General Meeting
Executive Directors					
Mr. He Binfeng	4/4	–	1/1	1/1	1/1
Mr. Xiong Di	4/4	–	–	–	1/1
Mr. Huang Yu	4/4	–	–	–	1/1
Mr. Wu Bin	4/4	–	–	–	1/1
Ms. Chen Huiling	4/4	–	–	–	0/1
Non-executive Director					
Mr. Shen Yang	4/4	–	–	–	0/1
Independent non-executive Directors					
Mr. Li Huamin	4/4	2/2	1/1	1/1	1/1
Ms. Zhao Caihong	4/4	2/2	1/1	–	1/1
Ms. Yuan Shaoying (appointed on 26 August 2024)	2/2	1/1	–	–	–
Mr. Yi Ling (resigned on 26 August 2024)	2/2	1/1	–	1/1	0/1

Apart from the above regular Board meetings of the year, the Board will meet on other occasions when a Board-level decision on a particular matter is required. The Directors will receive details of agenda items for decision in advance of each Board meeting. Board minutes are kept by the Company Secretary and are open for inspection by the Directors. Every Board member is entitled to have access to Board papers and related materials, and has unrestricted access to the advice and services of the Company Secretary, and has the liberty to seek external professional advice if so required. The Board is responsible for maintaining an on-going dialogue with shareholders and in particular, uses annual general meetings or other general meetings to communicate with them and encourage their participation. The Board notes that the Chairman of the Board and the chairpersons or, in their absence, other members of the Audit Committee, Nomination Committee and Remuneration Committee of the Company should attend the annual general meeting to answer questions and collect views of shareholders.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems.

The Audit Committee assists the Board in leading the management and overseeing their design, implementation, monitoring and effectiveness of the risk management and internal control systems.

The Company's risk management and internal control systems have been developed with the following features and processes:

(a) The processes used to identify, evaluate and manage significant risks by the Group are summarised as follows:

Risk Identification: Identifies risks that may potentially affect the Group's business and operations.

Risk Assessment: Assesses the risks identified by using the assessment criteria developed by the management; and considers the impact and consequence on the business and the likelihood of their occurrence.

Risk Response: Prioritises the risks by comparing the results of the risk assessment; and determines the risk management strategies and internal control processes to prevent, avoid or mitigate the risks.

Risk Monitoring and Reporting: Performs ongoing and periodic monitoring of the risk and ensures that appropriate internal control processes are in place; revises the risk management strategies and internal control processes in case of any significant change of situation; and reports the results of risk monitoring to the management and the Board regularly.

(b) The main features of the risk management and internal control systems are summarised as follows:

Control procedures have been designed to safeguard assets against misappropriation and disposition; ensure compliance with relevant laws, rules and regulations; ensure proper maintenance of accounting records for provision of reliable financial information used within the business or for publication; ensure that unauthorized access and use of inside information are strictly prohibited; and to provide reasonable assurance against material misstatement, loss or fraud.

The Group has an internal audit function which conducts review on adequacy and effectiveness of the risk management and internal control systems of the Group. Such review is conducted annually and cycles reviewed are under rotation basis.

The annual review by the Board, through the Audit Committee, for the year ended 31 December 2024 in respect of among others (i) adequacy of resources; (ii) staff qualifications and experience; (iii) training programs for the staff; and (iv) budget of the Group's accounting, internal audit and financial reporting functions had been considered. Due to the above non-compliance incidents, the Company was of the view that the then internal control measures might not be sufficient and had gradually taken steps to adopt enhance internal control measures and taken remedial actions as described under the section headed "Corporate Governance Report — Corporate Governance Practices" in this Annual Report. The Board and the Audit Committee are of the view that the enhanced internal control measures are designed to prevent future similar breaches of the Listing Rules, and such measures would be effective in preventing future breaches of Chapter 14 of the Listing Rules after its implementation. In light of the above non-compliance incidents, the Audit Committee and the Board were of the view that there may have been deficiencies in connection with the internal control measures of the Group prior to the adoption of the enhanced internal control measures. Based on the results of annual internal control review, the Audit Committee is of the view that the internal control and risk management systems (with the implementation of the enhanced internal control measures) are generally effective and adequate. The Board (together with the Audit Committee and the Group's internal audit function) will continue to review the effectiveness of the Group's risk management and internal control systems, including financial, operation and compliance controls at least annually.

The Company has developed its Information Disclosure Policy which provides guidelines and procedures to the Company's Directors, senior management and employees in evaluating and handling confidential information, monitoring information disclosure, handling market rumors, leakage of information and responding to enquiries. Control procedures have been implemented to ensure that unauthorised access and use of inside information are strictly prohibited. The Group has in place a restriction-to-access mechanism to ensure that inside information is restricted to authorised persons on a need-to-know basis in accordance with the nature of transactions.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2024.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the independent auditors of the Company about their reporting responsibilities on the financial statements is set out in the Auditor's Report on pages 95 to 100.

AUDITORS' REMUNERATION

The remuneration paid to the external auditor of the Company, CCTH CPA Limited, in respect of audit services and non-audit services of the Group for the year ended 31 December 2024 is set out below:

Services rendered	Fees paid/ payable RMB'000
Audit services	1,150
Non-audit services:	
— Agreed-upon procedures on interim financial information	150
	1,300

COMPANY SECRETARY

The Company engages an external service provider to provide company secretarial services and has appointed Mr. Tam Chun Wai Edwin as its company secretary. Mr. Tam is not an employee of our Group and he is responsible for advisory to the Group on corporate governance matters. Mr. Xiong Di, executive Director and chief financial officer of the Company, is the person who Mr. Tam can contact for the purpose of code provision C.6.1 of the Code.

Mr. Tam confirmed that he has complied with Rule 3.29 of the Listing Rules by taking no less than 15 hours of relevant professional training during the year ended 31 December 2024.

SHAREHOLDERS' RIGHTS

The Company engages with shareholders through various communication channels.

To safeguard shareholder interests and rights, separate resolution should be proposed for each substantially separate issue at general meetings, including the election of individual Director. All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each general meeting.

Convening an Extraordinary General Meeting

Pursuant to Article 64 of the Articles of Association, The Board may, whenever it thinks fit, convene an extraordinary general meeting. Extraordinary general meetings shall also be convened on the requisition of one or more shareholders holding, at the date of deposit of the requisition, Shares in the share capital of the Company that represent not less than one tenth of the voting rights at general meetings of the Company on a one vote per Share basis. Such requisition shall be made in writing to the Board or a Secretary for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business or resolution specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Putting Forward Proposals at Annual General Meetings

There is no provision allowing shareholders to move new resolutions at general meeting under the Cayman Islands Companies Law or the Articles of Association. Shareholders who wish to move a resolution may request the Company to convene a general meeting following the procedures set out in the preceding paragraph.

Putting Forward Enquiries to the Board

Shareholders may send written enquiries and concerns to the Company by mail to the Company's principal place of business in Hong Kong at 4/F, Wah Yuen Building, 149 Queen's Road Central, Hong Kong.

INVESTOR RELATIONS

The Company considers that effective communication with shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company endeavours to maintain an on-going dialogue with shareholders and in particular, through annual general meetings and other general meetings, publishing corporate communications such as quarterly results, interim results and annual results, financial reports, announcements and circulars. Shareholders may make enquiries with the Company through channels as mentioned above, and provide comments and recommendations to the Directors. Upon receipt of enquiries from shareholders, the Company will respond as soon as practicable.

Communication with Shareholders

The Company has in place a Shareholders' Communication Policy to ensure that shareholders' views and concerns are appropriately addressed. The policy is regularly reviewed to ensure its effectiveness.

The Board and management maintain a continuing dialogue with the Shareholders and other stakeholders through various channels including but not limited to the Company's general meetings. The Company encourages all Shareholders to attend general meeting which provides a useful forum for Shareholders to exchange views with the Board. During the year under review, an annual general meeting of the Company was held on 25 June 2024 at which the Directors attended either by person or by means of electronic facilities to communicate with the shareholders of the Company. In addition, all corporate communications and regulatory announcements were published by the Company on its website and the website of the Stock Exchange in a timely manner. The Board considers that the Shareholders' Communication Policy is effective during the year ended under review.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THIS REPORT

Purpose of the Report

Feiyang International Holdings Group Limited ("**Feiyang**" or the "**Company**"), and its subsidiaries (collectively the "**Group**" or "**We**"), are pleased to publish its annual Environmental, Social and Governance ("**ESG**") Report (the "**Report**"), which sets forth in details the Group's policies and performance in promoting sustainable development, enabling readers to understand our commitment to sustainable development. For corporate governance section, please refer to the section headed "Corporate Governance Report" in the Group's 2024 Annual Report.

Statement of the Board

The board of directors of the Company (the "**Board**") acknowledges that it has overall responsibility for the Group's ESG strategy, and reporting and for evaluating and determining the Group's ESG-related risks. On the basis of confirmation provided by the management to the Board and through ongoing discussions between the Board and the management, the management has confirmed to the Board, and the Board believes that the Group has in place appropriate and effective ESG risk management and internal control systems.

Scope of the Report

This Report covers the period from 1 January 2024 to 31 December 2024 (the "**Reporting Period**"). Unless otherwise stated, this Report covers the Group's major businesses, including (i) the design, development and sales of outbound travel package tours; (ii) the design, development and sales of free independent traveller ("**FIT**") products; (iii) the provision of other ancillary travel-related products and services; (iv) the provision of health products; and (v) the provision of information system development products and services.

Reporting Standard

We have strictly complied with the applicable disclosure requirements of the "ESG Reporting Guide" (the "**ESG Reporting Guide**") under the "comply or explain" provisions as set out in Appendix C2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") (the "**Listing Rules**"). During the process of preparation of this Report, we summarized the Group's performance in corporate and social responsibilities based on the principles of "Materiality, Quantitative, Balance and Consistency". Please refer to the table below for our understanding and response to such reporting principles.

Reporting Principles	Definitions	Our Response
Materiality	The issues covered in this Report should reflect the significant impacts of the Group on the economy, environment and society, or the scope of assessments and decisions of stakeholders being affected.	Through continuous communication with stakeholders, combined with the Group's strategic development and business operations, we can identify current material sustainable development issues.
Quantitative	This Report should disclose key performance indicators ("**KPIs**") in a measurable manner.	The Group quantitatively discloses its environmental and social KPIs, and provides textual explanations on quantitative resources.
Balance	This Report should reflect fairly the overall sustainability performance of the Group.	The Group has explained in detail the sustainable development issues that have a significant impact in the business, including the results achieved and the challenges it faces.
Consistency	The Group should use consistent disclosure principles for the preparation of the Report.	The Group will ensure that the disclosure scope and reporting methods of the Report are generally consistent every year.

Source of Information

The information disclosed in this Report is derived from the Group's formal documents, statistics or public information. The Board is responsible for the truthfulness, accuracy and completeness of its contents.

Access to this Report

This Report is available in Chinese and English versions. In case of any discrepancy between the Chinese and English versions of the Report, the English version shall prevail. You may access the Group's official website at http://www.iflying.com or the website of the Stock Exchange at http://www.hkex.com.hk for an electronic copy of the Report.

Feedback

We welcome any comments and suggestions on this Report and our sustainability performance. Please feel free to send your comments through the following channel. Please contact us by email at fygd@feiyang.cn.

SUSTAINABILITY STRATEGIES

Adhering to the corporate mission of "Making Life Journey Better", the Group has created long-term value for the community while generating returns for shareholders through the development and management of high-quality travel services. As a responsible corporate citizen, the Group is committed to operating its business in a sustainable manner. The Group believes that the creation of long-term value depends on the sustainable development of the corporate business, supply chain and the communities in which the projects are located. The Group has formulated sustainable development related policies and create long-term value for stakeholders through four dimensions, namely Quality Service, Caring for Employees, Green Office and Community Investment.

Quality Service	• Creating delightful travel for the public
Caring for Employees	• Building a career platform for employees
Green Office	• Contributing to the sustainable development of the organisation
Community Investment	• Contributing responsibility value to the society

SUSTAINABILITY GOVERNANCE

The Group is committed to improving its ESG systems on a regular basis and integrating sustainable governance into the Group's overall planning and daily operations through clarifying the division of responsibilities. The Board is responsible for evaluating and managing material ESG issues and assumes the ultimate responsibility for the ESG work. The Board is also responsible for overseeing our risk management, which includes risks related to ESG issues, and the risk management mechanism can assist the Group to evaluate and minimise the risks that may hinder the achievement of our business objectives. For details of our risk management approaches, please refer to the Corporate Governance Report section. The Board identified the ESG issues relating to the Group with the assistance of third-party consultants based on their understanding and knowledge of the Company and the industry, and determine the priority of these issues annually by conducting online survey for the stakeholder materiality assessment with the assistance of a third party consultants, so as to select the important issues to the Group considered by both internal and external stakeholders for targeted management and disclosure.

STAKEHOLDER ENGAGEMENT

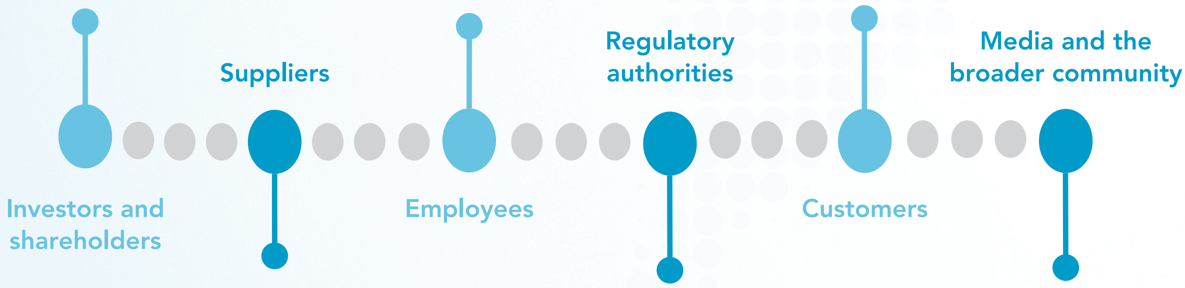
Our stakeholders are both internal and external interest groups and we are always in close communication and contact with them through various channels:

Our key stakeholders and communication channels:

- ✓ Annual or extraordinary general meetings
- ✓ Periodical corporate publications including annual reports
- ✓ Issuance of circulars and announcements as and when necessary
- ✓ Website

- ✓ Daily communication and meetings
- ✓ Training sections
- ✓ Welfare events
- ✓ Regular performance appraisal
- ✓ Questionnaires

- ✓ Telephone interviews/customer service hotline
- ✓ Website
- ✓ Mobile application
- ✓ Social media
- ✓ Customer activities
- ✓ Questionnaires
- ✓ Travel expos
- ✓ Promotion events



- ✓ Meetings
- ✓ Regular assessments
- ✓ Site visits
- ✓ Exchange visits
- ✓ Travel expos
- ✓ Promotion events

- ✓ Direct communication
- ✓ Information disclosure
- ✓ Communication in writing when necessary

- ✓ Website
- ✓ Mobile application
- ✓ Social media

MATERIALITY ASSESSMENT ANALYSIS PROCEDURES

ASSESSMENT

In the process of making materiality assessment, we mainly refer to the ESG Reporting Guide issued by the Hong Kong Stock Exchange to identify material issues related to the Group and make relevant disclosures in this Report.

DETERMINE THE PRIORITY

Through a set of diverse approaches, including inviting our stakeholders to participate in online surveys on the materiality of sustainable development issues and to give advices on the Group's sustainable development policies. The results of the communication with stakeholders are consolidated and materiality matrix is prepared to define the overall materiality of each issue.

ANALYSE ASSESSMENT RESULTS

The conclusions of step 1 and step 2 are submitted to the senior management of the Group for discussion and assessment of material issues in this Report.

1. Assessment

In order to understand the concerns of our key stakeholders and identify material issues of the Group, we had engaged an independent third party in past years to conduct an online survey, to undergo stakeholder engagement activities, so as to identify material issues of the Group. Based upon the previous outcomes of stakeholder communication activities, industry trends and the ESG Reporting Guide of the Hong Kong Stock Exchange, we have identified 27 ESG issues applicable to the Group. During the materiality assessment process, we invited internal and external stakeholders to rank the 27 issues through online survey questionnaires. We summarised the outcomes of the stakeholder surveys and developed a materiality matrix based on the analysis outcomes. The materiality matrix can reflect the real concerns of our stakeholders on ESG issues accurately, and the analysis outcomes are used as references for the Group's strategic planning and risk management assessment and serve as the basis for preparing this Report.

The following sets out the 27 issues related to the Group:

Products and Services

- ☐ (1) Product and Service Compliance
- ☐ (2) Product and Service Quality
- ☐ (3) Service Stability and Incidence Response
- ☐ (4) Customer Communication and Satisfaction
- ☐ (5) Complaint Handling
- ☐ (6) User Privacy and Data Security
- ☐ (7) Internet Information Security
- ☐ (8) Intellectual Property Protection
- ☐ (9) Technology Research and Development

Operating Practices

- ☐ (10) Supplier Review
- ☐ (11) Sustainability and Social Responsibility of Suppliers
- ☐ (12) Anti-corruption (including bribery, extortion, fraud and money laundering)

Work Environment Practice

- ☐ (13) Workplace Diversity, Anti-discrimination and Equal Opportunity
- ☐ (14) Occupational Safety and Health
- ☐ (15) Staff Training and Development
- ☐ (16) Prevention of Child and Forced Labour
- ☐ (17) Employment Relationship and Communication with Employees
- ☐ (18) Talent Attraction and Employee Retention
- ☐ (19) Employee Benefits

Environmental Protection and Green Operations

- ☐ (20) Greenhouse Gas and Air Emission
- ☐ (21) Waste Disposal and Management
- ☐ (22) Electricity and Water Conservation
- ☐ (23) Climate change
- ☐ (24) Green Procurement
- ☐ (25) Publicity and Promotion of Environmental Protection

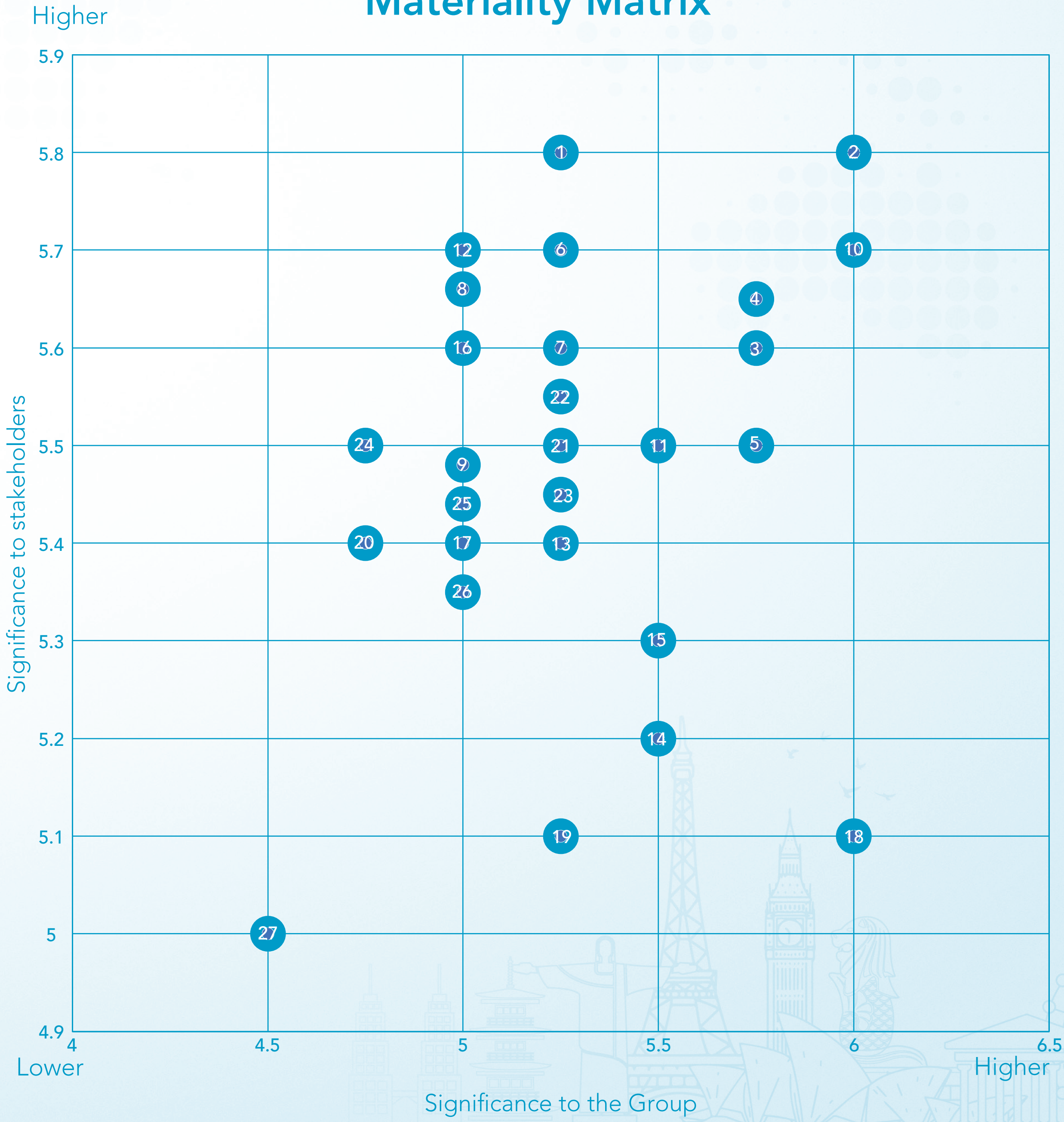
Community Contribution

- ☐ (26) Charity Activities Participation
- ☐ (27) Charity Donation

2. Determine the priority

In order to assist us to identify the material sustainability issues relating to the business, we proactively collected opinions from various stakeholders when preparing this report, and prioritised 27 issues in two dimensions (namely "significance to the Group" and "significance to stakeholders") as followed. The following materiality matrix is presented based on the outcomes of the survey questionnaires, and it clearly shows the issues of greatest concern to stakeholders and areas that require more of our attention in future development.

Materiality Matrix



3. Analyse Assessment Results

Through the above materiality assessment, we have identified the following 13 issues as our material issues on sustainable development. In the future, we will continue to review our sustainability policies with a focus on the above identified material issues. Meanwhile, below material issues also are explained in details under the corresponding chapters in this Report.

Material issues	Corresponding chapter/module
1 Product and Service Compliance	▶ Our Commitment to the Public
2 Product and Service Quality	▶ Our Commitment to the Public
3 Service Stability and Incidence Response	▶ Our Commitment to the Public — Safe Tourism
4 Customer Communication and Satisfaction	▶ Our Commitment to the Public — On-going Assessment
5 Complaint Handling	▶ Our Commitment to the Public — On-going Assessment
6 User Privacy and Data Security	▶ Our Commitment to the Public — Protection of Consumer Information
7 Internet Information Security	▶ Our Commitment to the Public — Protection of Consumer Information
8 Supplier Review	▶ Supplier Management
9 Sustainability and Social Responsibility of Suppliers	▶ Supplier Management
10 Workplace Diversity, Anti-discrimination and Equal Opportunity	▶ Our Commitment to the Staff — Talent Attraction
11 Waste Disposal and Management	▶ Our Commitment to the Environment
12 Electricity and Water Conservation	▶ Our Commitment to the Environment
13 Climate change	▶ Our Commitment to Climate Change

OUR COMMITMENT TO THE PUBLIC

The Group is committed to continuing our corporate social responsibility and strives to provide customers with the highest-quality standard of products and services, and brings sustainable revenue growth to the shareholders. In respect of our services and product development, travel planning and procurement, sales and marketing, pre-travel arrangement and package tour operation, we all strictly abides by the Tourism Law of the PRC, the Regulation on Travel Agencies and other laws and regulations applicable to travel business.

Business Process

Development

- Conduct market research on new destinations and travel elements
- Design package tours based on market information and customer preferences
- Assess the availability of transportations, hotels, local tour companies and other suppliers

Planning and Procurement

- Search for transportations and hotel accommodations
- Select local tour companies with high quality
- Obtain local transportation suppliers and local attraction tickets

Sales and Marketing

- Brand and product marketing
- Hold briefing sessions for customer service officers, personal travel consultants, sales representatives, tour escorts and/or tour guides
- Sell package tours and other services to customers through retail branches, sales offices, mobile application, call centres, website, and other online sales platforms
- Acquire customers through multiple sales channels

Tour Arrangement

- Book air tickets, transportation, hotels, restaurants and attraction tickets
- Assign tour escorts and/or tour guides and arrange local tour companies for package tours
- Arrange pre-travel reception for customers
- Confirm bookings with transportation companies, ticketing agents and/or hotel operators

Development

We actively conduct market research. We use the data collected to conduct forecast of the market, analyse the product preference of consumers and to initially determine the product type through the consumers' preference and reputation of travel product destinations and the outcomes of customer revisit survey. Meanwhile, we develop different travel products in line with national policies, to ensure product sustainability and compliance with relevant national guiding policies. We also conduct site visits to new and existing travel destinations to identify new travel destinations, new tourist attractions and other travel elements for inclusion in our package tours or FIT Products. When designing package tours, we take into account the feedback and recommendations from customers, tour escorts, tour guides and local tour companies and also pay close attention to the market trend and factors such as the availability of new hotels and attractions. We analyse the travel consumption patterns of our customers, match different travel elements such as domestic and international air tickets with different level of hotel accommodation, so that we can cater to changing customer needs and preferences. We introduce new or characteristic travel products from time to time to provide our customers with brand-new travel experiences. The Group has been developing and providing new and diversified travel products to further expand our customer base.

Planning and Procurement

Our suppliers include but not limited to airlines, ticketing agents, hotel operators, local tour companies and GDS service providers. Our package tour and FIT operation department liaise with airlines and ticketing agents to check the availability of flight seats and carry out detailed planning on selection of accommodation, local tour companies, ground transportation and restaurants. To ensure the quality of our products and services, our local tour companies can only arrange local transportation, food and beverage and hotel accommodation that meet our quality and safety standards. For potential suppliers, their service quality, safety standards, responsiveness, reliability and pricing are taken as the assessment criteria. On the other hand, feedback is also collected from tour escorts, tour guides and tour participants to continuously monitor the performance of each supplier and identify substandard travel elements in a timely manner. For our new package tours and products, our package tour and FIT operation department brief our customer service officers and personal travel consultants to enable them to understand the characteristics of each product and hence provide suitable suggestions and assistance to our customers.

Sales and Marketing

We sell our travel products and services to individual customer through our retail branches, sales offices, website, mobile application and other online sales platforms. We have an information management system which is able to update the latest enrolment status of each sales channel and the availability of package tours, air tickets and hotel accommodations on a real-time basis to assist our frontline personal travel consultants in the sales of our travel products and services. At the same time, our customer service officers and personal travel consultants also input all customer preferences, details and sales data into the system on a real-time basis for follow-up in future.

Tour Arrangement

Package tour booking is generally confirmed around one month prior to departure. Once a tour is confirmed, we will assign tour escorts and tour guides and liaise with the local tour companies. Local tour companies generally operate package tours in accordance with our approved hotel, food and beverage, local transportation and activity specifications. For domestic tours within Zhejiang province, surrounding areas outside Zhejiang province and Beijing, we are primarily responsible for arranging local transportation, food and beverage and hotel accommodations. Tour escorts and tour guides employed by us will accompany the package tours members throughout the entire tour and pay close attention to their needs.

"Feiyang" Marketing Platform

We are committed to continuously promote our "Feiyang" brand as a well-known brand, representing one-stop professional and personalised travel products and services. We believe brand recognition is decisive to our ability to attract customers. We adopt marketing strategies such as media advertising, organising travel expos and joint promotional events with our suppliers, displaying at our tourism square, retail branches and sales offices to enhance our brand recognition and promote our business. In accordance with the Advertising Law of the PRC, we have assigned marketing managers to review advertising information and marketing materials before publication to ensure that the content is free from false, misleading, untrue and exaggerated statement and infringement of intellectual property rights.

On-going Assessment

We hope to create pleasant journey to the public to further improve customer satisfaction. We have adopted a complaint handling system to enhance customer satisfaction and to resolve any disagreements in an amicable manner. Also, we have formulated the Measures for the Handling and Prevention of Complaints (Revision) to standardize the complaint handling process and reward and punishment system, so as to ensure that customer feedback is properly handled. During the Year, we received a total of 47 complaints (2023: 35 complaints) concerning travel products and services. Other than the regulations mentioned above, in order to more effectively monitor and improve the quality of our products and services, we actively collect opinions from different channels and carry out on-going assessment as following:

- Our customer service officers will conduct telephone interviews with our customers within one week after the completion of the tour to collect their feedback on the quality of our products and services
- Customers can also provide their feedback through our customer service hotline, website or mobile application at any time
- Our tour escorts and tour guides are also required to provide a Travel Completion Report on the service quality of our suppliers
- The local tour companies engaged by us would provide comments on each tour from time to time and forward any feedback from our customers, tour escorts and tour guides to us

Everything is terrific, including the travel schedule arrangements and the service of the tour guide and travel consultant.

It suits the elderly with good attitude of the local tour guide and reasonable travel schedule arrangements.

It is a satisfactory travel, for its tour guide services including dining inspection and seat belt reminding are satisfying, and its salesperson is enthusiastic and professional.

I am very satisfied with this pretty pleasure travel, for both its travel schedule arrangements and the introduction of the tour guide.

Management of Tour Escorts and Tour Guides

We adopt a series of quality control measures on our tour escorts and tour guides to ensure the quality of our products and services.

During the Recruitment Process

We conduct interviews with the tour escort and tour guide candidates and check their qualification certificates to ensure their competence and experience.

Before Serving Customers

Comprehensive training which covers knowledge of product and service, customer services, communication skills as well as safety and emergency handling skills will be provided to newly recruited tour escorts and tour guides. At the same time, the Group also provides detailed working guidelines for tour escorts and tour guides by formulating the Tour Guide Management Policy.

After Commencement of Service

Tour escorts and tour guides are also subject to regular assessments and on-going trainings to maintain their service quality.

In accordance with the Regulations on the Administration of Tour Guide Personnel, the Regulations on Travel Agencies and the Implementation Rules of the Regulations on Travel Agencies, we only hire tour escorts and tour guides who have passed the national general tour guide qualification examination and hold valid tour guide qualification certificates. In addition, we arrange tour escorts to accompany our tour teams when organising outbound tours for Mainland Chinese residents. In addition to holding a tour guide qualification certificate, the tour escorts we engaged need to have more than two years of relevant experience in the industry, so as to ensure that the tour escorts can provide professional and quality services for our tour group members.

Safe Tourism

In addition to establishing a safety management system and a responsibility system according to laws and regulations such as the Tourism Law of the PRC and Fire Protection Law of the PRC, the Group has also adopted various measures against the Epidemic under Guidelines for the Prevention and Control of Epidemic Situations in the Reopening of Tourist Attractions to lower the risks to our customers' safety and health.

Pre-travel Management

Strengthening Risk Assessment

- Conducting safety assessment of travel products, selecting suppliers and partners with corresponding qualifications and meeting local epidemic prevention and control requirements, clarifying respective obligations related to epidemic prevention and control, strengthening collaboration and cooperation, and achieving information sharing to ensure smooth, orderly and safe group travel.
- Enhancing communication and liaison to keep abreast of the epidemic prevention and control situation in tourism destinations and customer sourcing markets, and to do a good job in routes design, products matching and booking.
- Strengthening data analysis to improve epidemic prevention standard of our products.

Controlling the Package Tours Size

- Strictly implementing the prevention and control requirements of each region, announcing in advance the number of our package tour customers and other product prevention and control requirements according to our own operational capacity and the reception capacity of our suppliers and partners, strictly controlling the number of our package tour customers and advocating small-scale and reassuring package tours.
- Making reasonable arrangements for package tour routes, sizes and travel time, and tourism activities should be carried out by time slots, batches and regions to avoid too many visitors gathering at the same time.

Equipped with Protective Equipment

- Sufficient quantity of disposable medical masks or masks of a certain extent of protection, body temperature checking equipment, hand sanitizer, disposable gloves and disinfection supplies are available to provide the necessary protection for drivers, tour guides and travellers.
- Storing and using disinfection products properly, keeping them away from fire and power sources, with no mixing situation, and conducting regular inspection and timely replenishment or replacement.
- Urging our suppliers and partners to supervise the comprehensive disinfection and cleaning of hospitality facilities and venues such as chartered coaches, hotel rooms and restaurants.

Strengthening Promotion and Guidance

- Strictly implementing various systems and regulations for tour groups and signing travel contracts in accordance with the law to clarify the rights and responsibilities of all parties.
- Taking the initiative to publicise knowledge on epidemic prevention and control, and issuing travel precautions to tourists in time, reminding them to comply with the requirements of "wearing masks, washing hands regularly and keeping social distance" to enhance their awareness of self-prevention and control.

Strengthening Pre-travel Investigation

- Collecting tourists' information, health records and testing registration. To ensure the safety of tour group members, tourists are required to present their health codes upon enrolment and the codes are subject to re-verifying before travelling.
- Explaining to and dissuading tourists who failed the health code verification from travelling.
- Strictly implementing the body temperature screening system, tourists with abnormal body temperature are not allowed in the journey and are advised to seek medical advice and to report properly.

Itinerary Management

Implementing Prevention and Control Measures

- Strictly implementing epidemic prevention and control requirements in transportation, accommodation, catering, sightseeing and shopping in all areas, and urging our suppliers and partners to implement measures such as ventilation and disinfection.
- Strengthening body temperature checks for tourists and they should wear masks throughout their journey in vehicles and other means of transportation. Strictly enforcing measures such as "limitation, reservation and staggered shifts" in scenic spots and cultural and entertainment venues, and proactively cooperating with the hosts to do a good job in epidemic prevention and control.

Improving Service Standards

- Further implementing industry standards such as the Service Directives for Travel Agency and the Specifications for Tour-guide Service to enhance safety tips and itinerary management for tourists.
- Tour guides should remind tourists of the epidemic prevention and control during travel, check-in, ticketing, touring and dining, and guide tourists to wear masks correctly and keep a safe social distance.
- Tourists are reminded to cooperate with the work of health and quarantine and to take personal precautions. After the journey, travel agencies are required to keep proper records of their tour groups and hold for safekeeping.

Promoting Civilised Tourism

- Strengthening civilised tourism publicity in conjunction with epidemic prevention and control, and promoting new ways of healthy travel such as "individual serving" and "using serving chopsticks".
- Strengthening publicity and guidance for tourists on attention to hygiene, refusing wild food and rational consumption, reminding tourists to dispose of rubbish properly, so as to establish a new trend of civilised, healthy and green tourism.

Emergency Response

Establishing Synergetic Mechanism

- Acquiring the contact details of the hygiene and health authorities and designated medical institutions in tourism destinations and customer sourcing markets in advance, and ensuring that tour guides and other service providers are aware.
- Strengthening the coordination and collaboration with our partners and suppliers, keeping the reporting channels clear for epidemic situations, and reporting suspected epidemic situations to the local hygiene and health authorities and culture and tourism administrative departments in a timely manner.

Emergency Handling

- If any person in the tour group with suspected symptoms is found, the travel agency should immediately stop the tour and report the incident at the first opportunity, and cooperate with the relevant authorities to carry out epidemic investigation and prevention and control measures.
- In the event of a confirmed case is found in the tour group, the emergency handling plan will be activated immediately, and the tour group will cooperate with relevant departments and units to isolate the patient and trace the close contacts, and handle the aftermath properly.

Safeguard Measures	Enhancing Organisational Leadership • Local cultural and tourism administrative departments should strictly implement their local management responsibilities, strengthen the linkage with local hygiene and health departments, enhance collaboration of competent authorities between tourism destinations and customer sourcing markets to enhance prevention, control and emergency response capabilities and ensure a smooth and orderly resumption of operations.
	Strengthening Supervision and Inspection • In accordance with the "One Tour, One Report" system, filling in the tour group information on the National Tourism Regulatory Service Platform and upload the electronic contract.
	More Frequent Daily Scheduling • We will work with the local culture and tourism administrative departments to carry out emergency drills, risk identification and risk assessment in accordance with the prevention and control plan and the emergency response plan, so as to identify and deal with emerging problems in a timely manner. Abnormalities will be reported in a timely manner and the relevant business activities will be suspended.

Protection of Consumer Information

In the course of business operations, the Group obtains a large amount of personal information of customers. In order to protect such information from leakage or illegal use, we have formulated the Information System Security Management Mechanism and the Information System Lapse or Disaster Emergency Response System in accordance with the Measures on Internet Information Service and the Regulations for the Protection of Personal Information of Telecommunication and Internet Users and have arranged for a team of specialized personnel to be responsible for their implementation to strengthen the security management of the information system in order to maintain and encrypt confidential corporate information such as customers' personal information. The Group's staff members are also required to sign a Confidentiality Agreement to undertake the obligation of confidentiality of sensitive and confidential documents of the Company.

Observing and Protecting Intellectual Property Rights

The Group emphasized on the protection of intellectual property rights. We have formulated the Intellectual Property Management System in accordance with the Trademark Law of the PRC to regulate the management, registration and application of intellectual property rights including trademarks and self-developed computer software, as well as the handling process of infringement cases. We also arrange our employees to attend trainings on intellectual property rights annually. In advertising and marketing materials, we may use online materials or images or materials provided by our suppliers, such as articles and video clips. In accordance with the Tort Law of the PRC, we have developed the review process to ensure that no unauthorized materials are used in our advertisements. As of 31 December 2024, we were the registered owner of 83 trademarks in the PRC and 5 trademarks in Hong Kong (2023: 83 trademarks in the PRC and 5 trademarks in Hong Kong).

Supplier Management

The Group recognizes that the role of its business partners, including suppliers, are same as material to providing quality products and services to its customers. The Group has formulated the Supplier Management System and the Procurement Management System to regulate supplier management. We obtain supplier information through online platforms, peer consultation, open tendering and employee recommendation. We adhere to the principles of fairness, impartiality, openness and transparency in our supplier assessment process. We require new suppliers to provide qualification documents such as business license and quotation and conduct on-site inspection. To reduce the environmental and social risks of the supply chain, we only cooperate with suppliers with common moral values and standards. We take into consideration of various factors, including qualification, pricing, resources, services, mutual business synergies, brand reputation, settlement clauses and compliance, and only the suppliers who meet the Group's requirement will be included in the Qualified Supplier Register.

In addition, we conduct regular performance reviews on qualified suppliers to manage and control their performance. We require our tour escorts and tour guides to provide a Travel Completion Report on the service quality of our suppliers upon the end of the tour, and conduct assessments on our suppliers annually. In the event that we experience significant safety incidents during our cooperation with our suppliers, or frequently receive negative evaluations from our tour escorts or tour guides or itinerary managers, we will consider removing these suppliers from the Qualified Supplier Register or terminating our cooperation with them.

OUR COMMITMENT TO THE STAFF

We continue to invest resources for staff, and are committed to providing good career opportunities, with a view of building a multicultural and inclusive industry-leading team. The Group actively protects the legitimate rights and interests of employees, and adheres to the Labour Law of the PRC, the Labour Contract Law of the PRC and other laws and regulations on employment and labor practices. We enters into labour contracts with employees based on the principles of equality and consensus, establishes its labour safety and health system, strictly implements national rules and standards on labour safety and health, provides employees with labour safety and health education, prevents accidents during employment and reduces occupational hazards.

Talent Attraction

As a responsible employer, the Group provides equal job opportunities in recruitment, training, promotion, transfer, remuneration, benefits and termination of contract, regardless of gender, disability, family status, marital status, pregnancy, race, religion, age, nationality and sexuality. The Group adopts the fair and open recruitment policy, and promotes diversity and inclusion, to ensure the employment opportunities for all kinds of people in society, in particular experienced and qualified tour escorts, tour guides, personal travel consultants and other operational management talents. We recruit our employees primarily through campus recruitment, online recruitment, social recruitment and internal recruitment.

To protect the rights and interests of our staffs, we have formulated the Human Resources System and the Staff Handbook to regulate the code of conduct for our staffs. If the employee resigns, we will terminate the labor relationship with the employee in accordance with the Labor Law of the PRC, and give the employee economic compensation according to the relevant national regulations. In general, the Group will only dismiss employees if they are in serious violation of labor discipline.

The Group attaches great importance to staff development, is committed to provide employees with equal working environment, offer competitive salary treatment based on their duties, skills, and the participation of business of the Group, and provide opportunities to be promoted based on their performance contribution, ability, working attitude and business proficiency. For management personnel, we will promote them based on team building, talent cultivation and departmental performance.

Talent Retention

In order to attract and retain our valuable and talented employees, we review the remuneration packages regularly and implement a structure-based remuneration system of the tourism industry. Through an incentive compensation plan, we link performance with compensation and emoluments, and adjust the compensation system annually according to the performance and contribution of our employees and market trends. In principle, the basic salary and job allowance of the Group remain unchanged, and will be adjusted based on the annual efficiency (with priority in efficiency while giving consideration to fairness as the adjustment principle) and work contribution. We implement a system of five-day work per week with alternate holiday on Saturday on a department rotation basis. We also make contribution to social insurance for our employees, including pension, medical, unemployment, work injury, maternity insurance and housing fund prescribed by the local government.

The Group attaches great importance to the physical and mental health of its employees and is committed to providing a pleasant working environment and promoting a work-life balance. In addition to national statutory holidays, employees can also apply for sick leave, casual leave, marriage leave, maternity leave, nursing leave and funeral leave as needed. There is a small book access centre at the Group's headquarter, where our employees can access books with specialised knowledge and lifestyle books. For employees who need to work outside during high temperature seasons (such as tour guides and drivers) they are also entitled to the high temperature fee prescribed by the State as compensation. The Group will organise and distribute other welfare activities or holiday benefits irregularly in irregular forms according to the specific situation and personnel.

During the Year, we were not aware of any significant non-compliance or violation of laws relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.

Prevention of Child and Forced Labour

The Group strictly adopts a zero-tolerance policy towards the use of child and forced labour, and prohibits the use of child labour or forced labour as banned by the Law of the PRC on the Protection of Minors, the Regulations on Labour Security Supervision, the Provisions on the Prohibition of Using Child Labour and other relevant regulations. The human resources department of the Group verifies the age of the candidate during the recruitment process and enables the employed employees to sign labour contracts with specified working hours on a voluntary basis, which are also constantly monitored and reviewed by the Group. In case of any non-compliance, the Group will take immediate measures to terminate his/her work.

During the Year, we were not aware of any significant non-compliance or violation of laws in relation to prevention of child or forced labour.

Development and Training

The Group believes that development and equipment of staff is very important to the sustainable development, so we place great emphasis on staff training, arrange internal training courses for all employees on a regular basis, to enhance our employees' skills and knowledge in sales, marketing, customer management, customer service, product information, quality control and industry knowledge, thereby providing support for employees' personal career development and the business development needs of the Group. In order to regulate the training management of the Group, we have formulated the Training Management System to further regulate the mode of training of the Group. We provide training to our employees based on three principles, namely effectiveness, practicality and pertinence.

In order to enhance the quality of our employees, the Group launched a series of long-term and regular training programs for the entire company, each centre (group), each position and new employees during the Year, while implementing the requirements of "training accompanied by examination" and "examination shall be passed before employment". The Group's overall training framework, planning and supervision are carried out by the human resources department, and training for each department (such as training for product manager, product training for private customers, tour guide training, etc.) must be reported to the human resources department and included in the overall plan. The first phase of employee training was organized by the Group in collaboration with the Institute of Business Technology, including training on presentation production and other office software enhancement.

Health and safety

The Group advocates the "people-oriented" and adheres to the safety production policy of "Safety first, prevention dominant, comprehensive management". According to the Work Safety Law of the PRC, the Group has established a safety supervision and management mechanism, formulated rules and regulations on safety work and set up relevant organizations. In response to the pandemic, the Group has also taken various measures to minimize safety and health risks in accordance with the "Guidelines for the Prevention and Control of Pandemic in Tourist Attractions Resuming Opening".

Strengthen the management of office and business premises

- Implement prevention and control responsibilities, formulate internal pandemic prevention and control plans and contingency plans, and do a good job in hygiene cleaning, disinfection and ventilation in the office premises and service outlets of travel agency.
- Reduce the frequency and length of meetings and use web-based meeting tools whenever possible.
- The points of sale assign the responsibility of each link during pandemic prevention and control, including daily duty, cleaning and disinfection, testing and registration, rubbish cleaning, site inspection and safety management to an individual, and make timely and dynamic adjustments in accordance with the local pandemic prevention and control requirements.

Implement employee monitoring

- Travel agencies should manage the health condition of their employees in accordance with the local requirements, and establish a "Health Record Form" and conduct daily temperature checks to track their health status and travel trajectory.
- If employees have fever, cough, fatigue, stuffy nose, runny nose, sore throat, diarrhoea and other related symptoms, they will be promptly arranged for medical treatment at the nearest designated medical institution and we will follow up on the situation.
- Conduct health code checks before tour guides report duty and require them to wear masks properly.

Strengthen education and training

- Regularly organize special training on pandemic prevention and control measures and emergency response, and urge employees to understand the knowledge of pandemic prevention and control, personal protection, hygiene and health and emergency response, so as to improve their ability in pandemic prevention and control and emergency response.
- Clarify the responsibilities of tour guides, refine the duties of their positions and do a good job in providing services such as full escort and ground escort services.

During the Year, we were not aware of any non-compliance or violation of regulations by the Group in relation to providing a safe working environment and protecting employees from occupational hazards, and we were not aware of any work-related injury incidents or work-related fatalities .

Anti-corruption

The Group adopts a "zero tolerance" attitude towards bribery and extortion. All directors, management and employees must act with integrity and ethical business conduct, and comply with the relevant laws and regulations applicable to the Group's place of business on the prevention of bribery, extortion, fraud and money laundering, including the Criminal Law of the PRC.

In order to effectively prevent operation and management risks, the Group has formulated the "Identification and Reporting Mechanism for Misconduct", which aims to provide a confidential and reliable reporting mechanism for employees to prevent any unethical conduct. We encourage employees to take an active part in the management of the Company, and to timely supervise and report internal operation defects or violations in the company, so as to ensure that the Group operates in compliance with laws and regulations. Employees can report any irregularities in writing or verbally at any time to the Group's internal reporting management leading group office. The Group will endeavour to protect the identity of whistleblowers, will not allow retaliation against whistleblowers who have acted in good faith, and will follow investigative procedures to ensure that all complaints are promptly and fairly dealt with. For employees who report major violations of laws and regulations and successfully prevent the case, we will directly reward the personnel within two weeks after the case is settled. Besides, anti-corruption training was provided to senior management through internal training during the Year.

During the Year, we were not aware of any non-compliance or violation of regulations in relation to the prevention of bribery, extortion, fraud and money laundering, and we were not aware of any corruption litigation involving the Group or our employees.

OUR COMMITMENT TO THE ENVIRONMENT

The Group recognizes that proper management of energy and resources is critical to sustainable development, and therefore strives to improve our energy and resource management in order to minimize the environmental impact of our business operations and promote environmental awareness throughout the Group. The Group has taken measures to protect the environment in compliance with the Environmental Protection Law of the PRC and other relevant laws and regulations.

Due to the nature of our business, the Group's daily operations are mainly office-based, and the major greenhouse gas emissions come from the use of electricity in offices and a small number of business vehicles, while vehicles also generate air emissions. The Group's main water consumption comes from domestic water in the office. We have not encountered any problem in sourcing suitable water.

Water saving

- Domestic sewage has been properly connected to and discharged into the communal sewer system
- Water leaking faucets are repaired in a timely manner to minimise water wastage

Waste disposal

- We also properly arrange for the collection and disposal of domestic waste generated in the office by a third-party company

With focusing on energy efficiency, water conservation and office resources conservation, we have implemented various environmental protection measures. In order to fully fulfil the responsibility of environmental protection, we have incorporated the requirements of energy conservation and environmental protection into employee assessment with an expectation of that:

- Set the temperature of air conditioner at or above the specified temperature showed on air conditioner
- Turn off personal office equipment including lights, air conditioners, power of computers in non-operation areas beyond working hours
- Maintain cleanliness in public areas such as meeting rooms and employees' homes, including turning off equipment such as air conditioners, projectors, electric lights in the area
- Replace the printer cartridge when the printer is exhausted
- Make good use of the IT systems and electronic communication equipment and only use paper when necessary to avoid paper waste

The above environmental and resource-saving measures have not only helped the Group gradually improve its environmental performance, but also promoted the sustainable utilisation of natural resources effectively, and further enhanced the environmental awareness of employees. During the Year, we were not aware of any material non-compliance in relation to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.

In view of our continuous effort, we target to maintain zero substantial non-compliance case in relation to the emission of exhaust gases, GHG and energy consumption in coming five years.

OUR COMMITMENT TO COMMUNITY

The Group understands the importance for making positive contribution to the community where it operates and considers that enterprises and communities are inseparable, and enterprise development is also inseparable from the support and assistance of the community. In order to better fulfill its social responsibilities, the Group takes into consideration of the local culture, environment and priorities of community when developing, selling and providing travel service with the aim to help the communities where it operates to create a harmonious, dynamic and livable environment. The Group will continue to maintain an appropriate level of community involvement and the long-term sustainable development of its operation and the community, as well as encourage its employees to participate in community contribution activities that contribute to achieving work-life balance

OUR COMMITMENT TO CLIMATE CHANGE

The Group is committed to mitigating the climate change and enhancing its resilience to adapt to the increasing threat of climate-related consequences.

The processes used to identify, evaluate and manage significant risks (including significant climate-related issues) by the Group are summarised as follows:

Risk Identification: Identifies risks that may potentially affect the Group's business and operations.

Risk Assessment: Assesses the risks identified by using the assessment criteria developed by the management; and considers the impact and consequence on the business and the likelihood of their occurrence.

Risk Response: Prioritises the risks by comparing the results of the risk assessment; and determines the risk management strategies and internal control processes to prevent, avoid or mitigate the risks.

Risk Monitoring and Reporting: Performs ongoing and periodic monitoring of the risk and ensures that appropriate internal control processes are in place; revises the risk management strategies and internal control processes in case of any significant change of situation; and reports the results of risk monitoring to the management and the Board regularly.

As a result of above risk management process, physical risk and transitions risks arising from climate change may not bring significant impacts to the Group's business. As a supporter of the recommendations of the Taskforce on Climate-Related Financial Disclosure (TCFD), the Group has assessed the potential climate related risks and identified the rising mean temperature and increasing severity and likelihood of extreme weather events such as rainstorms as major physical risks impacting our daily operation.

The management is responsible for identifying and assessing any climate-related risks to which the Group's operations are exposed, and updating the Board with the latest news and developments on climate regulations and industry benchmark. In order to cope with climate-related risk, the Group implemented various emergency response mechanism and purchased adequate social security benefits against natural disasters for our employee during working hour in order to cope with extreme weather.

In the future, we will continue to identify potential business activities impacting the environment and develop corresponding improvement measures, so as to further prevent the possible negative impacts of our operation on climate change.

APPENDIX I OVERVIEW OF KEY PERFORMANCE INDICATORS

1. Environmental Aspects

No. of KPIs	KPIs	Unit	2024	2023
A1.1 Emissions	Sulphur Dioxide	kg	0.05	0.28
	Nitrogen Oxides	kg	2.60	10.63
	Particulate Matter	kg	0.19	0.78
A1.2 Greenhouse gas emissions	Scope 1 Direct emissions	Tons of CO_2e	9.44	52.42
	Scope 2 Indirect emissions	Tons of CO_2e	143.63	140.31
	Total	Tons of CO_2e	153.07	192.73
	Intensity	Tons of CO_2e/ square meters	0.031	0.038
A1.4 Non-hazardous waste[2]	Total non-hazardous waste	Tons	32.50	30.70
	Intensity	Tons/square meters	0.0065	0.0061
A2.1 Energy consumption	Unleaded petrol	kWh	33,774.00	187,625.00
	Purchased electricity	kWh	235,423.00	229.984.00
	Total	kWh	269,197.00	417,609.00
	Intensity	kWh/square meters	53.75	83.39
A2.2 Water consumption[3]	Total water consumption	Cubic meters	1,734.00	1,610.00
	Intensity	Cubic meters/ square meters	0.35	0.32

Notes

1. The calculation of environmental KPIs are with reference to the "How to prepare an ESG Report — Appendix 2: Reporting Guidance on Environmental KPIs" issued by the HKEx.

2. During the Year and corresponding period in 2023, as the Group's non-hazardous waste data collection system is still being improved, it only includes the non-hazardous waste data generated by the Group's headquarter offices. We will continue to optimise the relevant data statistics of other operating points and include relevant disclosures in the report in due course.

3. During the Year and corresponding period in 2023, as the Group leases different office areas for operation, water supply and power supply are controlled by the building's management office and some related management offices are unable to provide water and electricity consumption data to individual tenant. Therefore, the water and electricity consumption data only cover 2 operating points respectively (2023: 2 operating points for water and electricity consumption data).

4. As shown in the tables above, the decrease in our GHG emissions is mainly due to decrease in usage of unleaded petrol by vehicles of the Group as more communication with stakeholders by electronic devices are preferred instead of business travelling during the Year.

2. Social Aspects

No. of KPIs	KPIs	Unit	2024	2023
B1.1 Total number of employees	**By gender**			
	Male	person	85	85
	Female	person	189	172
	By employment type			
	Full-time	person	251	257
	Part-time	person	23	Nil
	By age group			
	30 or below	person	139	128
	31–40	person	98	95
	41–50	person	29	28
	51 or above	person	8	6
	By geographical region			
	PRC	person	274	257
B1.2 Employee turnover rate	**Turnover rate by gender**			
	Male	%	62	74
	Female	%	66	62
	Turnover rate by age group			
	30 or below	%	100	88
	31–40	%	19	52
	41–50	%	14	21
	51 or above	%	13	50
	By geographical region			
	PRC	%	65	66
B2.1 Number and rate of work-related fatalities	Number of work-related fatalities	person	Nil	Nil
	Rate of work-related fatalities	%	Nil	Nil
B2.2 Number of working days lost due to work injury	Number of working days lost due to work injury	day	Nil	Nil

No. of KPIs	KPIs	Unit	2024	2023
B3.1 Percentage of trained employees	**Percentage of trained employees**	%	77	97
	By gender			
	Male	%	74	99
	Female	%	79	96
	By employment category			
	Part-time	%	100	Nil
	Normal	%	92	94
	Middle	%	48	100
	Senior	%	53	100
B3.2 Average training hours completed per employee	**Average training hours completed per employee**	hour	23.64	19.03
	By gender			
	Male	hour	21.08	19.09
	Female	hour	24.79	19.00
	By employment category			
	Part-time	hour	3.00	Nil
	Normal	hour	28.35	20.12
	Middle	hour	9.60	13.82
	Senior	hour	15.79	16.00
B5.1 Number of suppliers	**Number of suppliers by geographical region**			
	PRC	supplier	308	323
B6.2 Number of complaints about products and services	Number of complaints about service received	case	47	35
B7.1 Legal cases in relation to corruption	Number of legal cases in relation to corruption filed and concluded	case	Nil	Nil

APPENDIX II ENVIRONMENTAL , SOCIAL AND GOVERNANCE REPORTING GUIDE CONTENT INDEX

Subject areas, aspects, general disclosures and KPIs		Section
A. Environmental		
Aspect A1: Emissions		
	General Disclosure	Our Commitment to the Environment
KPI A1.1	The types of emissions and respective emissions data.	Appendix I Overview of Key Performance Indicators
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions in total and, where appropriate, intensity.	Appendix I Overview of Key Performance Indicators
KPI A1.3	Total hazardous waste produced and, where appropriate, intensity.	The Group's business does not involve hazardous waste.
KPI A1.4	Total non-hazardous waste produced and, where appropriate, intensity.	Appendix I Overview of Key Performance Indicators
KPI A1.5	Description of emission targets set and steps taken to achieve them.	Our Commitment to the Environment
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction targets set and steps taken to achieve them.	Our Commitment to the Environment
Aspect A2: Use of Resources		
	General Disclosure	Our Commitment to the Environment
KPI A2.1	Direct and indirect energy consumption by type in total.	Appendix I Overview of Key Performance Indicators
KPI A2.2	Water consumption in total and intensity.	Appendix I Overview of Key Performance Indicators
KPI A2.3	Description of energy use efficiency and a description of targets set and steps taken to achieve them.	Our Commitment to the Environment
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency and a description of targets set and steps taken to achieve them.	Our Commitment to the Environment
KPI A2.5	Total packaging material used for finished products and, if applicable, with reference to per unit produced.	The Group's business does not involve packaging materials.

Subject areas, aspects, general disclosures and KPIs		Section
Aspect A3: The Environmental and Natural Resources		
	General Disclosure	Our Commitment to the Environment
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Our Commitment to the Environment
Aspect A4: Climate Change		
	General Disclosure	Our Commitment to Climate Change
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact the issuer, and the actions taken to manage them.	Our Commitment to Climate Change
B. Social		
Employment and Labour Practices		
Aspect B1: Employment		
	General Disclosure	Our Commitment to the Staff
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Appendix I Overview of Key Performance Indicators
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Appendix I Overview of Key Performance Indicators
Aspect B2: Health and safety		
	General Disclosure	Our Commitment to the Staff — Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Appendix I Overview of Key Performance Indicators
KPI B2.2	Lost days due to work injury.	Appendix I Overview of Key Performance Indicators
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Our Commitment to the Staff — Health and Safety

Subject areas, aspects, general disclosures and KPIs		Section
Aspect B3: Development and Training		
	General Disclosure	Our Commitment to the Staff — Development and Training
KPI B3.1	The percentage of employee trained by gender and employee category.	Appendix I Overview of Key Performance Indicators
KPI B3.2	The average training hours completed per employee by gender and employee category.	Appendix I Overview of Key Performance Indicators
Aspect B4: Labour Standards		
	General Disclosure	Our Commitment to the Staff — Prevention of Child and Forced Labour
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Our Commitment to the Staff — Prevention of Child and Forced Labour
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Our Commitment to the Staff — Prevention of Child and Forced Labour
Operating Practices		
Aspect B5: Supply Chain Management		
	General Disclosure	Supplier Management
KPI B5.1	Number of suppliers by region.	Appendix I Overview of Key Performance Indicators
KPI B5.2	Description of practices relating to engaging supplies, number of supplies where the practices are being implemented, how they are implemented and monitored.	Supplier Management
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored .	Supplier Management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, how they are implemented and monitored.	Supplier Management

Subject areas, aspects, general disclosures and KPIs		Section
Aspect B6: Product Responsibility		
	General Disclosure	Our Commitment to the Public
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Our Commitment to the Public — Business Process
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Appendix I Overview of Key Performance Indicators
KPI B6.3	Description and practices relating to observing and protecting intellectual property rights.	Our Commitment to the Public — Observing and Protecting Intellectual Property Rights
KPI B6.4	Description of quality assurance process and recall procedures .	Our Commitment to the Public — Business Process
KPI B6.5	Description of customer data protection and privacy policies, how they are implemented and monitored.	Our Commitment to the Public — Protection of Consumer Information
Aspect B7: Anti-corruption		
	General Disclosure	Our Commitment to the Staff — Anti-corruption
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the case.	Appendix I Overview of Key Performance Indicators
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Our Commitment to the Staff — Anti-corruption
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Our Commitment to the Staff — Anti-corruption
Aspect B8: Community Investment		
	General Disclosure	Our Commitment to Community
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	In light of our result of materiality assessment, such KPIs is considered as not material and thus not disclosed.
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	In light of our result of materiality assessment, such KPIs is considered as not material and thus not disclosed.

REPORT OF THE DIRECTORS

The Directors present their report and the audited financial statements of the Group for the Year.

GLOBAL OFFERING

The Company was incorporated in the Cayman Islands on 18 October 2018 as an exempted limited liability company. The Company issued 125,000,000 ordinary shares with nominal value of HK$0.01 each (the "**Shares**" and each a "**Share**") through global offering at the offer price of HK$1.05 per Share. The Shares were listed on the Main Board of the Stock Exchange on 28 June 2019.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries of the Company comprise (i) the design, development and sales of outbound, domestic and surrounding travel package tours; (ii) the design, development and sales of FIT products; (iii) the provision of other ancillary travel-related products and services; (iv) the sales of health products; (v) provision of information system development products and services; and (vi) the provision of finance lease services.

BUSINESS REVIEW

Further discussion and analysis of the activities as required by Schedule 5 to the Hong Kong Companies Ordinance, including a description of the principal risks and uncertainties facing the Group and an indication of likely future development in the Group's business, can be found in the Chairman's Statement and Management Discussion and Analysis set out on pages 4 to 23 of this annual report. This discussion forms part of this directors' report.

ENVIRONMENTAL POLICIES AND COMPLIANCE WITH LAWS AND REGULATIONS

The Group is committed to conducting its business in an environmentally conscious manner and minimising the adverse effects caused by its operations on the environment. The Group continues to make endeavours in saving energy and reducing unnecessary waste by adopting various green measures in its workplace. Such measures include using of energy-efficient light tubes, encouraging use of recycle papers and both sides of papers for printing and copying and keeping office temperature at reasonable level. The Group will review the environmental policy from time to time and will consider implementing further environmentally friendly measures and practices in the operation of the Group's business.

The Board paid attention to the Group's policies and practices in compliance with all significant legal and regulatory requirements essential to its business operations. The Group would seek professional advice from its external legal advisers and consultants to ensure transactions and business to be performed by the Group are in compliance with applicable environmental policies, laws and regulations. During the Year, as far as the Company is aware, it has complied in all material respects of the laws or regulations that have a significant impact on the Group's business and operation.

A report on the environmental, social and governance aspects prepared in accordance with Appendix C2 to the Listing Rules is set out in pages 43 to 72 of this report.

REPORT OF THE DIRECTORS

KEY RELATIONSHIPS WITH THE GROUP'S EMPLOYEES, CUSTOMERS, SUPPLIERS AND OTHER STAKEHOLDERS

The Group believes that employees are instrumental to the success of the Group and that their industry knowledge and understanding of the market will enable the Group to maintain the competitiveness in the market. The Group has developed a desirable working environment and provided a variety of benefits and career development to its employees. Share options may also be granted for the purpose of providing incentives and rewards to eligible participants who contributed to the success of the Group's operations.

The Group also recognises that maintaining a good and stable relationship with its existing and potential customers, suppliers and other stakeholders are the keys to the sustainable development of the Group. Accordingly, the management has kept good communication with its suppliers and customers in order to monitor the credit quality of the customers and to make timely adjustments to its operating strategies to conform to the market trends. In addition, the Group places effort to build up and maintain good relationships with various commercial banks and financial institutions as the businesses of the Group are capital intensive in nature and require on-going funding to maintain continuous growth.

RESULTS AND DIVIDENDS

The Group's loss for the Year and the Group's financial position at 31 December 2024 are set out in the consolidated financial statements on pages 101 to 103.

The Directors did not recommend the payment of any dividend for the Year (2023: Nil).

SUMMARY FINANCIAL INFORMATION

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 192 of this annual report. This summary does not form part of the audited financial statements.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares, if any) during the Year. The Company did not have any treasury shares as defined under the Listing Rules as at 31 December 2024.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the Year are set out in note 14 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the Company's share capital during the Year are set out in note 30 to the consolidated financial statements.

REPORT OF THE DIRECTORS

RESERVES

Details of the movements in the reserves of the Group and the Company during the Year are set out in the consolidated statement of changes in equity and note 40 to the consolidated financial statements, respectively. As at 31 December 2024, the reserves of the Company available for distribution, as calculated in accordance with statutory provisions applicable in the Cayman Islands was approximately RMB23.7 million (2023: RMB19.7 million).

MAJOR CUSTOMERS AND SUPPLIERS

During the Year, sales to the Group's five largest customers accounted for less than 30% of the total sales for the Year and purchases from the Group's five largest suppliers accounted for less than 30% of the total purchases for the Year.

None of the Directors or any of their associates or any shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's share capital) had any beneficial interest in the Group's five largest customers or suppliers.

DIRECTORS

The Directors during the Year and up to the date of this report were:

Executive Directors

Mr. He Binfeng *(Chairman and chief executive officer)*
Mr. Xiong Di
Mr. Huang Yu
Mr. Wu Bin
Ms. Chen Huiling

Non-executive Director

Mr. Shen Yang

Independent Non-executive Directors

Mr. Li Huamin
Ms. Zhao Caihong
Ms. Yuan Shaoying (appointed on 26 August 2024)
Mr. Yi Ling (resigned on 26 August 2024)

The biographical details of the Directors are set out in "Biographical Details of Directors and Senior Management" in this report.

In accordance with Articles of Association, Mr. He Binfeng, Mr. Shen Yang and Ms. Yuan Shaoying shall retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

The Company has received annual confirmation of independence from each of the independent non-executive Directors. As at the date of this annual report, they are considered to be independent.

CONTRACT OF SIGNIFICANCE

Save as disclosed in this annual report, no contracts of significance in relation to the Group's business in which the Company, any of its subsidiaries or fellow subsidiaries, or its controlling shareholders, was a party and in which a Director had a material interest, whether directly or indirectly, subsisted during or at the end of the Year.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service contract with the Company for a fixed term of three years which is subject to termination by either party giving not less than three months' written notice. Each of the non-executive Director and the independent non-executive Directors has entered into a letter of appointment with the Company for a term of three years from the date of the Listing, terminated by either party giving not less than three months' written notice.

No Director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

DIRECTORS' REMUNERATION

The Directors' fees are subject to authority to be granted by the shareholders at general meetings. Other emoluments are determined by the Board with reference to Directors' duties, responsibilities and performance and the results of the Group.

PERMITTED INDEMNITY PROVISION

The Company has arranged for appropriate insurance covering the liabilities of its Directors and officers in respect of legal actions that may be brought against them. The Company has maintained appropriate insurance cover for the Directors and officers throughout the Year and are currently in force.

DIRECTORS AND CONTROLLING SHAREHOLDERS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in this annual report, no Director, controlling shareholders nor a connected entity of a Director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which the holding company of the Company, or any of the Company's subsidiaries was a party during the Year.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Year.

TAX RELIEF AND EXEMPTION

The Company is not aware of any tax relief and exemption available to the shareholders of the Company by reason of their holding of the Company's securities.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2024, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")), as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for the Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules, were as follows:

(a) Long Positions in Ordinary Shares of the Company

Interests in Shares of the Company

Name of Director	Nature of interest and capacity	Number of Shares held/ interested	Approximate percentage of shareholding
Mr. He Binfeng *(Note 1)*	Beneficial owner; interest of spouse; interest in controlled corporation	328,954,700	39.5378%
Mr. Shen Yang	Beneficial owner	2,370,000	0.2849%
Mr. Wu Bin *(Note 2)*	Interest in controlled corporation	3,468,000	0.4168%

Notes:

(1) Mr. He Binfeng (i) directly owns 10,436,000 Shares or approximately 1.2543% of the issued share capital of the Company; (ii) directly owns 100% of each of HHR Group Holdings Limited ("**HHR Group**"), Michael Group Holdings Limited ("**Michael Group**"), KVN Holdings Limited ("**KVN Holdings**") and DY Holdings Limited ("**DY Holdings**"), which in aggregate holds 288,654,700 Shares or approximately 34.6941% of the issued share capital of the Company; and (iii) is deemed to own 29,864,000 Shares or approximately 3.5894% of the issued share capital of the Company owned by Ms. Qian Jie, spouse of Mr. He Binfeng.

(2) Mr. Wu Bin directly owns 100% of WB Holdings Group Limited which holds 3,468,000 Shares or approximately 0.4168% of the issued share capital of the Company.

(b) Long Positions in the Associated Corporations of the Company

Name of Director	Name of associated corporation	Nature of interest and capacity	Number of shares held/ interested	Approximate percentage of shareholding/ equity interest
Mr. He Binfeng *(Notes 1 and 2)*	Feiyang International	Beneficial owner; interest in controlled corporation; interest of spouse	44,440,000	95.2830%
	Zhejiang Feiyang Lianchuang Travel Co., Ltd. ("**Feiyang Lianchuang**")	Interest in controlled corporation; interest of spouse	– *(Note 2)*	95.2830%
	Ningbo Qihang	Interest in controlled corporation; interest of spouse	– *(Note 2)*	95.2830%
	Zhejiang Feiyang Commercial Management Co., Ltd. ("**Feiyang Commercial**")	Interest in controlled corporation; interest of spouse	– *(Note 2)*	95.2830%
Mr. Wu Bin *(Notes 2 and 3)*	Feiyang International	Beneficial owner	440,000	0.9434%
	Feiyang Lianchuang	Interest in controlled corporation	– *(Note 2)*	0.9434%
	Ningbo Qihang	Interest in controlled corporation	– *(Note 2)*	0.9434%
	Feiyang Commercial	Interest in controlled corporation	– *(Note 2)*	0.9434%

Notes:

(1) Feiyang International is directly owned as to 17.9245% by Mr. He Binfeng, 1.8868% by Ms. Qian Jie and 75.4717% by Ningbo Feiyang Business Management Company Limited ("**Feiyang Management**"), which is in turn held as to 91.7328% by Mr. He Binfeng and 8.2672% by Ms. Qian Jie. Ms. Qian Jie is spouse of Mr. He Binfeng.

(2) Each of Feiyang Lianchuang, Feiyang Commercial and Ningbo Qihang is a limited liability company established in the PRC and a wholly-owned subsidiary of Feiyang International.

(3) Feiyang International is directly owned as to 0.9434% by Mr. Wu Bin.

Save as disclosed above, as at 31 December 2024, none of the Directors nor chief executive of the Company had registered an interest or short position in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had been recorded in the register kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the paragraph headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" above and in the paragraph headed "Share Option Scheme" above, at no time during the Year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouses or minor children, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as is known to the Directors and the chief executive of the Company, as at 31 December 2024, the following persons (other than a Director or chief executive of the Company) had, or were deemed to have, interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Long Positions in Ordinary Shares of the Company:

Long Position in the Shares

Name of Substantial Shareholder	Nature of interest and capacity	Number of Shares held/interested	Approximate percentage of shareholding
Mr. He Binfeng *(Notes 1 and 2)*	Beneficial owner; interest of spouse; interest in controlled corporation	328,954,700	39.5378%
Ms. Qian Jie *(Note 3)*	Interest of spouse; interest in controlled corporation	328,954,700	39.5378%
HHR Group *(Note 1)*	Beneficial owner, interest held jointly with another person	328,574,700	39.4922%
Michael Group *(Notes 1)*	Beneficial owner, interest held jointly with another person	328,574,700	39.4922%
KVN Holdings *(Note 1)*	Beneficial owner, interest held jointly with another person	328,574,700	39.4922%
DY Holdings *(Note 1)*	Beneficial owner, interest held jointly with another person	328,574,700	39.4922%
QJ Holdings Limited ("**QJ Holdings**") *(Note 2)*	Beneficial owner, interest held jointly with another person	328,574,700	39.4922%

Notes:

(1) Mr. He Binfeng (i) directly owns 10,436,000 Shares or approximately 1.2543% of the issued share capital of the Company; (ii) directly owns 100% of each of HHR Group, Michael Group, KVN Holdings and DY Holdings, which in aggregate holds 288,654,700 Shares or approximately 34.6941% of the issued share capital of the Company; and (iii) is deemed to own 29,864,000 Shares or approximately 3.5894% of the issued share capital of the Company owned by Ms. Qian Jie, spouse of Mr. He Binfeng.

(2) Ms. Qian Jie (i) directly owns 100% of QJ Holdings, which holds 29,864,000 Shares or approximately 3.5894% of the issued share capital of the Company; and (ii) is deemed to own 299,090,700 Shares or approximately 35.9484% of the issued share capital of the Company owned by Mr. He Binfeng, spouse of Ms. Qian Jie.

As at 31 December 2024, so far as is known to the Directors, other than the Company, no other persons were interested in 10% or more of any class of share capital carrying rights to vote in all circumstances at general meetings of any of the subsidiaries.

Save as disclosed above, as at 31 December 2024, the Company had not been notified by any persons (other than Directors or chief executive of the Company) who had interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

SHARE OPTION SCHEME

The Company has a share option scheme (the "**Share Option Scheme**") which was approved and adopted by the shareholders of the Company by way of written resolutions passed on 11 June 2019. The Share Option Scheme enables the Company to grant options to the Directors, the directors of the Group's subsidiaries and employees of any member of the Group and any other persons (including consultants or advisers) (the "**Eligible Participant**") as incentives or rewards for their contributions to the Group. The Board, at its absolution discretion and subject to the terms of the Scheme, shall be entitled, at any time within ten years commencing from the date the Share Option Scheme was adopted, to make an offer for the grant of an option to any Eligible Participant.

Upon acceptance of an option to subscribe for shares granted pursuant to the Scheme (the "**Option**"), the Eligible Participant shall pay HK$1.00 to the Company by way of consideration for the grant. The Option will be offered for acceptance for a period of 21 days from the date on which the Option is granted. The subscription price for the shares subject to Options will be a price determined by the Board and notified to each participant and shall be the highest of: (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the Option, which must be a day on which trading of shares take place on the Stock Exchange (the "**Trading Day**"); (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five Trading Days immediately preceding the date of grant of the Options; and (iii) the nominal value of a Share on the date of grant, provided that in the event that any Option is proposed to be granted within a period of less than five Trading Dates, the new issue price of the Shares shall be used as the closing price for any business day falling within the period before listing of the Shares on the Stock Exchange.

The details of movement in the Options granted during the Year are as follows:

Name or category of participant	At 1 January 2024	Granted	Exercised	Forfeited	Expired	At 31 December 2024	Exercise period of share options	Exercise price of share options HK$	Date of grant of share options	Closing price of the Shares immediately before the date of grant of share options HK$
Directors, chief executive, substantial shareholders and/or their respective associates										
Huang Yu	–	6,400,000	–	–	–	6,400,000	8 October 2024 to 10 June 2029	0.1	8 October 2024	0.11
Employees (other than Directors)										
In aggregate	–	43,600,000	–	–	–	43,600,000	8 October 2024 to 10 June 2029	0.1	8 October 2024	0.11
Total	–	50,000,000	–	–	–	50,000,000				

Notes:

1. The grantees shall have to meet the performance target set by the Company with reference to the current circumstances of the Group (the "**Performance Target**"). The Board will determine whether the grantees meet the individual Performance Target.

2. The Share Options shall be vested on the day of fulfillment of the Performance Target by the grantees to be appraised and confirmed by the Board. For further details on the Performance Target, please refer to the announcements of the Company dated 8 October 2024 and 21 November 2024.

3. These fair values were calculated using the Binomial model. The inputs into the model were as follows:

	2024
Weighted average share price	HK$0.098
Exercise price	HK$0.1
Expected volatility	63.46%
Expected life	4.67
Risk-free rate	2.884%
Expected dividend yield	0.00%

4. The fair value of the share options granted during the Year was estimated using the Binomial Option Pricing Model, of which the Group recognised share option expenses of RMB771,000 (31 December 2023: Nil) during the Year. The fair value of an option varies with different variables of certain subjective assumptions. Any change to the variables used may materially affect the estimation of the fair value of an option.

5. Share options which are cancelled/lapsed/forfeited prior to their exercise date will be removed from the Company's register of outstanding share options. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in the share option reserve will be transferred to retained profits/accumulated losses as a movement in reserves.

6. Save as disclosed above, to the best knowledge, information and belief of the Directors, having made all reasonable enquiries, (i) none of the other grantees is a Director, chief executive or substantial shareholder of the Company, or any of their respective associates (as defined in the Listing Rules) of any of them; (ii) none of the grantees is a participant with share options granted and to be granted exceeding the 1% individual limit under the Listing Rules; or (iii) none of the grantees is a related entity participant or a service provider (as defined under the Listing Rules) of the Company. As at the date of this report, the grant of the share options will not result in the share options granted and to be granted to each of the grantees in the 12-month period up to and including the date of grant exceeding 1% of the Shares in issue.

As at 1 January 2024, the number of options available for grant is 50,000,000, representing rights to subscribe for 50,000,000 Shares. There were no options available for grant according to the existing scheme mandate limit under the Share Option Scheme as at 31 December 2024. During the Year, no option has been exercised, lapsed or cancelled. At the date of this report, the Company had utilised all of the existing scheme mandate limit under the Share Option Scheme and had 50,000,000 share options outstanding under the Share Option Scheme, which represented approximately 6.01% of the issued Shares in issue as at the date of this report. Further details of the Share Option Scheme are set out in Appendix V to the Prospectus and the announcements of the Company dated 8 October 2024 and 21 November 2024.

The Company shall be entitled to issue options, provided that the total number of shares which may be issued upon exercise of all Options to be granted under the Share Option Scheme does not exceed 10% of the shares in issue from the date of the Listing. The Company may at any time refresh such limit, subject to the shareholders' approval and issue of a circular in compliance with the Listing Rules. An Option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as the Board may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association of the Company or the laws of Cayman Islands.

EQUITY-LINKED AGREEMENTS

During the Year, save for the Share Option Scheme, the Company did not enter into any equity-linked agreements in respect of shares of the Company.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. All Directors have confirmed, following specific enquiry by the Company, that they have complied with the required standard set out in the Model Code during the Year.

DEED OF NON-COMPETITION

As disclosed in the Prospectus, the controlling shareholders of the Company ("**Controlling Shareholders**") entered into a deed of non-competition in favour of the Company on 11 June 2019 (for itself and as trustee for its subsidiaries) (the "**Deed of Non-Competition**"). Each of the Controlling Shareholders confirmed to the Company that they have compiled with the Deed of Non-Competition during the Year.

Pursuant to the Deed of Non-Competition, each of the Controlling Shareholders has irrevocably and unconditionally undertaken to the Company (for itself and as trustee for its subsidiaries) that, subject to certain exceptions, during the period that the Deed of Non-Competition remain effective, each of the Controlling Shareholders shall not, and shall procure that their associates (other than any members of the Group) not to, directly or indirectly, carry on, participate in, be engaged, be interested directly or indirectly, either for their own account or in conjunction with or on behalf of or for any other person in any business in competition with or likely to be in competition with the existing business activity of any member of the Group.

Our independent non-executive Directors have reviewed the declarations made by the Controlling Shareholders regarding the compliance of the Deed of Non-Competition and were satisfied that the terms of the Deed of Non-Competition had been duly complied with and enforced during the Year.

COMPETING INTERESTS

During the Year, so far as the Directors are aware, none of the Directors, the Controlling Shareholders and substantial shareholders of the Company, and their respective close associates (as defined under the Listing Rules) had held any position or had interest in any businesses or companies that were materially competing or might materially compete with the business of the Group, or gave rise to any concern regarding conflict of interest.

COMPLIANCE WITH THE CONTRACTUAL ARRANGEMENTS

During the Year, the Group has complied with the contractual arrangements as disclosed in the section headed "Contractual Arrangements" in the Prospectus (the "**Contractual Arrangements**") and the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) ("**FIL**") and its accompanying explanatory notes. The Group will continue to monitor the latest development of the FIL and its accompanying explanatory notes and provide timely updates of the latest regulatory development.

During the Year, there is no material change regarding the Structured Contracts and the Contractual Arrangements.

According to the Provisions on the Administration of Foreign-funded Telecommunications Enterprises (2016 Revision) (《外商投資電信企業管理規定(2016 修訂)》), foreign investors are not allowed to hold more than 50% of the equity interests in a company providing value-added telecommunications services. In addition, a foreign investor who invests in a value-added telecommunications business in the PRC must possess prior experience in operating value-added telecommunications businesses and a proven track record of business operations overseas (the "**Qualification Requirements**").

Efforts and Actions Undertaken to Comply with the Qualification Requirements

Despite the lack of clear guidance or interpretation on the Qualification Requirements, the Group has committed and will continue to commit financial and other resources and implement all necessary steps to meet the Qualification Requirements, for instance:

(i) Feiyang HK Group Limited ("**Feiyang HK**") was incorporated in Hong Kong in November 2018 for the purposes of establishing and expanding the Group's operations in Hong Kong;

(ii) the Group has applied for the registration of a number of trademarks in Hong Kong and have successfully registered a number of them;

(iii) Feiyang HK has applied for a number of domain names and intend to set up a website primarily for introducing and promoting our business in Hong Kong;

(iv) the Group has been conducting market research on the tourism industry in Hong Kong and liaising with various advisers for establishment of travel agency operations in Hong Kong ; and

(v) Feiyang HK obtained the Travel Agents Licence in Hong Kong in August 2023 for the purposes of establishing the Group's travel agency operations in Hong Kong.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in the Management Discussion and Analysis section as set out on pages 6 to 23 of this annual report, as at 31 December 2024, the Group did not hold any significant investment that accounted for more than 5% of the Group's total assets as at 31 December 2024, and there were no other significant investments, material acquisitions and disposals by the Company during the Year, nor there was any other future plans for material investments or additions of capital assets at the date of this report.

RELATED PARTY TRANSACTIONS

Details of the related party transactions undertaken by the Group during the Year are set out in note 36 to the consolidated financial statements in this annual report. None of such related party transactions constitutes connected transaction which is subject to the reporting, annual review, announcement, circular and/or shareholders' approval requirements under Chapter 14A of the Listing Rules. It is confirmed that the Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

CONNECTED TRANSACTIONS

During the Year and up to the date of this annual report, the Company and the Group had the following continuing connected transactions:

Continuing connected transactions

Contractual Arrangements

Reasons for using the Contractual Arrangements

Due to regulatory prohibitions on foreign ownership in the outbound travel business and the domestic passenger air ticketing services from air ticketing business and restrictions on foreign ownership in the international passenger air ticketing services from air ticketing business in the PRC, the principal business carried out by Zhejiang Feiyang International Travel Group Co., Ltd., Zhejiang Feiyang Lianchuang Travel Co., Ltd., Ningbo Qihang Airplane Ticketing Co., Ltd. and Zhejiang Feiyang Commercial Management Co., Ltd. (the "**PRC Operating Entities**") was prohibited or restricted from foreign ownership. The wholly-owned subsidiary of the Company, Ningbo Feiyang Commercial Management Co., Ltd. ("**WFOE**"), has entered into a series of structured contracts (the "**Structured Contracts**") with the PRC Operating Entities and their respective equity holders (hereafter the equity holders of the PRC Operating Entities referred to the "**Registered Shareholders**"). The Structured Contracts enable the WFOE to exercise effective control over the PRC Operating Entities and obtain substantially all economic benefits of the PRC Operating Entities. Accordingly, the Company regards the PRC Operating Entities as indirect subsidiaries and the PRC Operating Entities are consolidated into the financial statements of the Company. The Group does not have any equity interests in the PRC Operating Entities.

A description of the business activities of the PRC Operating Entities and their significance to the Group are set out in note 1 to the financial statements.

The Board considers that the PRC Operating Entities are significant to the Group as they hold a majority of assets that are important to the operation of our business, including operating permits and licences.

Summary of the major terms of the Contractual Arrangements

With respect to each of the Structured Contracts, the WFOE, Feiyang International and the Relevant Shareholders (namely Mr. He Binfeng, Ms. Qian Jie, Mr. Wu Bin, Mr. Chen Xiadong, Mr. Li Da, Ms. Qiu Zheng and Feiyang Management) and their spouse (where applicable) have entered into a set of the following underlying agreements:

i. Exclusive Consulting Service Agreement (獨家諮詢服務協議);

ii. Intellectual Property Licence Agreement (知識產權授權許可協議);

iii. Exclusive Option Agreement (獨家購買權協議);

iv. Share Pledge Agreement (股份質押協議);

v. Shareholders' Rights Entrustment Agreement (股東權利委託協議); and

vi. Spousal Undertakings (配偶同意函).

Exclusive Consulting Service Agreement

The WFOE entered into the exclusive consulting service agreement with Feiyang International on 18 January 2019, pursuant to which Feiyang International agreed to engage the WFOE as its exclusive provider of technical and management consulting and other related services requested by the PRC Operating Entities from time to time to the extent permitted under PRC laws in exchange for service fees (the "**Exclusive Consulting Service Agreement**").

The consultation and services provided by the WFOE include but not limited to:

- assisting with contemplating the management model and business plan;
- assisting with the enterprise standardisation, construction of the management system, and integration of the business modules;
- assisting with the establishment of a perfected business process management;
- providing management and consulting services on daily operations, finances, investments, assets, claims and debts, human resources, internal information, and other conventional management and advisory services in the industry;
- providing views and advice on the assets and business operations;
- providing views and advice on the negotiation, execution, and performance of material contracts;
- providing views and advice on the merger and acquisition or other expansion plans;
- assisting with developing marketing plans;
- conducting specialised research and investigations on the industry and the market;
- implementing employee training programs to improve professional skills; and
- other services reasonably requested by the PRC Operating Entities, in conformity with industry practices.

The service fee under the Exclusive Consulting Service Agreement shall consist of 100% of the profits before tax of Feiyang International, after deducting relevant costs and reasonable expenses, and the WFOE has the right to adjust the service fee at any time based on the services provided to Feiyang International.

Feiyang International shall entrust the above services to the WFOE on an exclusive basis, which means that not only does Feiyang International agree to accept the above services provided by the WFOE, it also agrees that, during the term of the Exclusive Consulting Service Agreement, without prior written consent of the WFOE, Feiyang International shall not and shall procure its subsidiaries and joint ventures not to accept professional consultancy and services provided by any third party, that are identical or similar to the services contemplated in the Exclusive Consulting Service Agreement so as to wholly or partially invalidate the rights and obligations of the WFOE to provide services to Feiyang International in accordance with the terms of the Exclusive Consulting Service Agreement.

The Exclusive Consulting Service Agreement shall be effective upon the completion of executing all of the Contractual Arrangements, and shall remain irrevocable ever after, until both parties terminate the Exclusive Consulting Service Agreement in writing or the shares or all the assets of Feiyang International have been legally and effectively transferred to the WFOE and/or its designees. Notwithstanding the above, the WFOE has the right to terminate the Exclusive Consulting Service Agreement at any time by issuing a 30 days' notice in writing, and the WFOE shall not be liable for any defaults for unilaterally terminating the Exclusive Consulting Service Agreement.

Intellectual Property Licence Agreement

The WFOE and Feiyang International entered into an exclusive intellectual property rights licensing agreement on 18 January 2019 (the "**Intellectual Property Licence Agreement**"), pursuant to which, in exchange for a royalty fee, the WFOE agreed to licence to Feiyang International certain intellectual property rights owned by the WFOE from time to time (the "**Relevant IP Rights**").

Feiyang International shall obtain the licence of the Relevant IP Rights from the WFOE on an exclusive basis, which means that not only does Feiyang International agree to licence the Relevant IP Rights from the WFOE, it also agrees that, during the term of the Intellectual Property Licence Agreement, without prior written consent of the WFOE, Feiyang International shall not and shall procure its subsidiaries and joint ventures not to obtain the licence of the Relevant IP Rights from any third party.

The Intellectual Property Licence Agreement shall be effective upon the completion of execution by the legal representatives or authorised representatives of the WFOE and Feiyang International, and shall remain effective for a term of ten years, and shall be automatically renewed for successive terms of five years unless Feiyang International terminate the Intellectual Property Licence Agreement by issuing a 30 days' notice in writing prior to the expiration of the term of the Intellectual Property Licence Agreement.

Exclusive Option Agreement

The WFOE, Feiyang International and the Relevant Shareholders entered into an exclusive option agreement on 18 January 2019 (the "**Exclusive Option Agreement**"), pursuant to which the WFOE (or its designees) was granted an irrevocable and exclusive right (the "**Exclusive Option Rights**") to purchase from the Relevant Shareholders all or any part of their equity interest in and/or assets of Feiyang International and its subsidiary(ies) for a nominal price, unless the relevant government authorities or the PRC laws and regulations request that another amount be used as the purchase price, in which case the purchase price shall be the lowest amount under such request. Such agreement became effective upon its execution and the execution of other Structured Contracts (other than the Spousal Undertakings) on 18 January 2019 and will remain effective during the continuance of the PRC Operating Entities until (i) terminated by written notice from the parties to the agreement (pursuant to the Exclusive Option Rights, the WOFE is granted the right to unilaterally terminate the Exclusive Option Agreement by giving at least 30 days notice to all other parties to this agreement, but the Relevant Shareholders are not entitled to unilaterally terminate the Exclusive Option Agreement at their discretion), (ii) the shareholders of Feiyang International and its subsidiaries legally transferred all of the shares of Feiyang International and the equity of its subsidiaries to the WFOE (or its designee(s)), or (iii) all of the assets of Feiyang International are legally transferred to the WFOE (or its designee(s)). According to the Exclusive Option Agreement, the Relevant Shareholders shall return any amount of the purchase price they have received to the WFOE or its designee(s) without violating relevant PRC laws and regulations. Upon receiving the notice issued by the WFOE (or its designees) to exercise their Exclusive Option Rights (the "**Notice**"), the Relevant Shareholders and Feiyang International will take all necessary actions to engage in and complete the approval, filing, or registration procedures with regulatory authorities without any delay, so that the relevant equity interest in and/or assets of Feiyang International as set out in the Notice, without any security interest attached to them, can be effectively registered under the name of the WFOE (or its designees).

Feiyang International and the Relevant Shareholders, severally and jointly, irrevocably covenant and warrant that they shall, among other things:

- not supplement, change, or amend the business scope and the articles of association of Feiyang International, or increase or reduce the registered capital of Feiyang International, or otherwise change the structure of the registered capital of Feiyang International, without prior written consent of the WFOE;

- maintain the standing of Feiyang International, operate its business and handle its affairs prudently and effectively, in accordance with good financial and commercial standards and practice, and shall not cause the liquidation, close of business, termination or dissolution of Feiyang International;

- not sell, transfer, gift, mortgage, or otherwise dispose of, create any encumbrance over or procure the management of Feiyang International to sell, transfer, gift, mortgage, or otherwise dispose of, create any encumbrance over the legitimate interest or beneficial interest of any assets, business, or incomes of Feiyang International and its subsidiaries at any time since the date of this Exclusive Option Agreement, without prior written consent of the WFOE;

- not terminate or procure the management of Feiyang International to terminate any of the agreements under the Contractual Arrangements executed by Feiyang International, or sign any agreements in conflict with the existing Contractual Arrangements;

- not incur or allow the incurrence of any debts to Feiyang International, unless (i) the debts are incurred in normal or ordinary course of business; or (ii) the debts have been disclosed to and consented in writing by the WFOE;

- operate Feiyang International in the ordinary course of business so as to maintain asset value of Feiyang International, and shall not carry out any action or omission which may affect the operational situation or asset value of Feiyang International;
- not cause Feiyang International to enter into any material contracts with the amount exceeding RMB1 million without prior written consent of the WFOE, except for contracts entered into in the normal course of business);
- not provide any loan or guarantee to any person without prior written consent of the WFOE;
- at the request of the WFOE, provide, among others, all information on the labour, operation, compliance and financial conditions of Feiyang International;
- not procure or consent to the spin-off of Feiyang International, or the merger, the association with or the acquisition of/by any entity, or the investment into any entity by Feiyang International without the written consent of the WFOE;
- if requested by the WFOE, purchase and maintain insurance over the assets and business of Feiyang International from an insurance carrier acceptable to the WFOE, at an amount and type of coverage typical for companies carrying on similar businesses;
- immediately notify the WFOE of the occurrence or possible occurrence of any litigation, arbitration or administrative proceedings relating to the assets, business and revenue of Feiyang International, and take all necessary measures in accordance with the reasonable request of the WFOE;
- for the purpose of safeguarding Feiyang International of its rights over its assets, execute all necessary or appropriate documents, take all necessary or appropriate actions and file all necessary or appropriate claims or raise necessary and appropriate defenses against all claims;
- acknowledge, in the event that Feiyang International or any of its shareholders fails to fulfill his/her/its tax obligations under applicable laws, leading to an impediment on the exercise of the Exclusive Option Rights by the WFOE, the WFOE has the right to request Feiyang International or the Relevant Shareholders to fulfill such tax obligation, or request Feiyang International or the Relevant Shareholders to pay such amount of tax to the WFOE such that the WFOE shall pay such amount on behalf of Feiyang International or its shareholders;
- not, without prior written consent of the WFOE, in any manner distribute bonuses, dividends, distributable interests, and/or any other income arising from any assets or shares held by the Relevant Shareholders.

The Relevant Shareholders, severally and jointly, irrevocably covenant and warrant that, without prior written consent of the WFOE, they shall, among other things:

- not transfer, pledge, or otherwise dispose of, or allow any encumbrance to be placed on the legitimate or beneficial interest of any equity interest of Feiyang International held by them, except the pledge set on the equity interest of Feiyang International in accordance with the Share Pledge Agreement;

- not vote in favour of or support or execute any shareholder resolutions on meetings of shareholders to approve to sell, transfer, pledge, or otherwise dispose of the legitimate or beneficial interest of any share or asset, or to allow any encumbrance (except the encumbrance made to the WFOE or its designees) to be placed on it;

- without the prior written consent of the WFOE, not vote or support or execute any resolutions at the general meeting of Feiyang International to approve for the merger, association or acquisition with any individual, or the investment to any individual, or the separation or alteration in the registered capital or formation of Feiyang International;

- when the WFOE exercises the exclusive right to purchase, instruct Feiyang International to convene a general meeting in a timely manner to vote for the transfer of the shares or the assets as stipulated in accordance with the Exclusive Option Agreement at the meeting;

- immediately notify the WFOE of any litigation, arbitration or administrative proceedings relating to the shares or assets of Feiyang International owned by them that have occurred or are likely to occur;

- not appoint or replace any director, supervisor, or management of Feiyang International that ought to be appointed by the Relevant Shareholders, and shall immediately appoint or employ personnel designated by the WFOE as directors and senior management of Feiyang International upon the request of the WFOE;

- procure Feiyang International not to distribute dividends, bonus, distributable profits and/or any assets and other proceeds from the shares held by the shareholders of Feiyang International in any form without the prior written consent of the WFOE; and

- strictly abide by the provisions of this Exclusive Option Agreement and other agreements jointly or separately signed by the parties and earnestly perform the obligations under the agreements, and shall not carry out any actions and inactions that may affect the validity and enforceability of such agreements.

Should the event of default (as provided in the Exclusive Option Agreement) by Feiyang International or the Relevant Shareholders occur, unless rectified or remedial measures have been taken within a reasonable period or within 10 days after the WFOE requests ratification in writing, the WFOE shall have the right to terminate the Exclusive Option Agreement and require Feiyang International or the Relevant Shareholders to compensate for the damages.

Share Pledge Agreement

The WFOE and the Relevant Shareholders entered into a share pledge agreement on 18 January 2019 (the "**Share Pledge Agreement**"), pursuant to which the Relevant Shareholders agreed to pledge all of their respective equity interest in Feiyang International to guarantee the performance of the obligation of, and the representations, undertakings, and warrants provided by, Feiyang International and the Relevant Shareholders under the Contractual Arrangements.

The pledge under the Share Pledge Agreement shall take effect upon the completion of registration with the relevant administration for industry and commerce and shall remain valid until the Share Pledge Agreement and other agreements under the Contractual Arrangements have been cancelled or terminated.

Should the event of default (as provided in the Share Pledge Agreement) by Feiyang International or the Relevant Shareholders occur, unless rectified or remedial measures have been taken within a reasonable period or within 10 days after the WFOE requests ratification in writing, the WFOE shall have the right to terminate the Share Pledge Agreement and require Feiyang International or the Relevant Shareholders to compensate for the damages.

We have completed registrations of the share pledge of Feiyang International as contemplated under the Share Pledge Agreement on 23 January 2019 with Ningbo Municipal Administration of Market Supervision (寧波市市場監督管理局).

Shareholders' Rights Entrustment Agreement

The WFOE and the Relevant Shareholders entered into the Shareholders' Rights Entrustment Agreement on 18 January 2019 pursuant to which the Relevant Shareholders irrevocably authorised the WFOE or its designated personnel to exercise their shareholders' rights in Feiyang International, including but not limited to, attending shareholders' meetings and exercising voting rights. The WFOE is authorised to exercise any of the shareholders' rights without consulting or obtaining the consent of the Relevant Shareholders. Furthermore, the WFOE is entitled to authorise other individuals to exercise the shareholder's rights within the scope authorised by the Relevant Shareholders.

The Shareholders' Rights Entrustment Agreement became effective upon execution and shall remain effective until (a) acquisition by the WFOE of the entire equity interests or assets of Feiyang International; (b) terminated unilaterally by the WFOE in writing; or (c) the Relevant Shareholders transferred all their respective shares in Feiyang International to the WFOE.

Pursuant to the Shareholders' Rights Entrustment Agreement, the WFOE, Feiyang International and the Relevant Shareholders entered into a power of attorney on 18 January 2019 (the "**Power of Attorney**"), pursuant to which the Relevant Shareholders unconditionally and irrevocably appoint the WFOE or its designees as their attorney-in-fact to exercise, pursuant to the instructions of the WFOE, all the rights that they have as the shareholders of Feiyang International as set out in the then-valid articles of association of Feiyang International, including but not limited to:

- proposing to convene and attend the general meeting of shareholders, executing meeting minutes and resolutions, exercising voting rights on all matters that need to be discussed and resolved in the general meeting of shareholders (including but not limited to the appointment, election, or removal of the directors, supervisors, and senior management of Feiyang International) of Feiyang International, and executing any documents that need to be executed by the shareholders of the Feiyang International and submitting any document to the company registration authority for filing purposes;
- resolving on the disposals of the assets of Feiyang International;

- resolving on the dissolution and liquidation of Feiyang International, and forming a liquidation group to legally exercise the rights of powers of the liquidation group during the liquidation period in accordance with the law, including but not limited to resolving on disposals of the assets of Feiyang International;

- deciding to transfer or otherwise dispose of the shares Feiyang International held by the Relevant Shareholders; and

- other shareholders' rights stipulated by applicable PRC laws and regulations (including the amendments, modifications, supplements, and re-enactments, whether entering into force before or after the execution of the Power of Attorney) and the articles of association (as amended) of Feiyang International.

The Relevant Shareholders undertake that they will not revoke the appointment of the WFOE and its designees as their attorney-in-fact, and there are no potential conflicts of interests in relation to such appointment.

The Power of Attorney shall be effective upon execution, and shall remain effective within the effective date of the Shareholders' Rights Entrustment Agreement.

Spousal Undertakings

The spouse of each of the Relevant Shareholders other than Ms. Qiu, where applicable, and the spouse of Ms. Qiu has signed an undertaking (collectively, the "**Spousal Undertakings**") on 18 January 2019 and 21 January 2019, respectively, to the effect that, among others, (i) the shares of Feiyang International held and to be held by each of the Relevant Shareholders do not fall within the scope of communal properties, and (ii) he or she waives any rights or interests that may be granted to him or her under the applicable laws of any jurisdictions, and he or she undertakes not to claim such rights or interests.

The spouse of each of the Relevant Shareholders, where applicable, has also consented to the entering into the Exclusive Option Agreement, the Exclusive Consulting Service Agreement, the Intellectual Property Licence Agreement, the Share Pledge Agreement and the Shareholders' Rights Entrustment Agreement.

Further details of the Structured Contracts are disclosed in the section headed "Contractual Arrangements" in the Prospectus and the Company's website. During the Year, there was no material change in the Contractual Arrangements and/or the circumstances under which they were adopted, and none of the Contractual Arrangements has been unwound as none of the restrictions that led to the adoption of Contractual Arrangements has been removed.

Revenue and Assets in relation to the Contractual Arrangement

During the Year, revenue attributable to the PRC Operating Entities (before any inter-company eliminations) was approximately RMB1,125 million. The total asset and net liabilities attributable to the PRC Operating Entities (before any inter-company eliminations) as at 31 December 2024 was approximately RMB527 million and RMB120 million, respectively.

The risks associated with the Contractual Arrangements and actions taken by the Company to mitigate the risks

There are certain risks that are associated with the Contractual Arrangements, including:

- substantial uncertainties exist with respect to the interpretation and implementation of the Foreign Investment Law in the PRC which may impact the viability of the current corporate structure, corporate governance and business operations;

- the PRC government may determine that the Contractual Arrangements are not in compliance with applicable PRC laws, rules, regulations or policies and may take actions against the Group's operation;

- the Contractual Arrangements may not be as effective in providing control over the PRC Operating Entities as equity ownership;

- the owners of the PRC Operating Entities may have conflicts of interest with the Group, which may materially and adversely affect the Group's business, financial condition and results of operations;

- the Group may have to incur additional costs and expend substantial resources to enforce the Contractual Arrangements, temporarily or permanently lose control over the primary operations or lose access to primary sources of revenue, if the PRC Operating Entities or their respective ultimate shareholders fail to perform their obligations under the Contractual Arrangements;

- certain terms of the Contractual Arrangements may not be enforceable under the PRC laws;

- the Contractual Arrangements may be considered by the PRC tax authorities as requiring transfer pricing adjustments;

- the Group may lose the ability to use and enjoy certain important assets, which could reduce the size of the Group's operations, impair the ability to generate revenue and materially affect the market price of the Shares, if any of the PRC Operating Entities becomes the subject of a bankruptcy or liquidation proceeding; and

- the Group's ability to acquire the entire equity interest and/or assets of the PRC Operating Entities is subject to restrictions.

Further details of the risks associated with the Contractual Arrangements are set out in the section headed "Risk factors — Risks relating to our Contractual Arrangements" in the Prospectus.

The Group has adopted measures to ensure the effective operation of our Group's businesses with the implementation of the Contractual Arrangements and the compliance with the Contractual Arrangements, including:

1. major issues arising from the implementation and compliance with the Contractual Arrangements or any regulatory enquiries from government authorities will be submitted to the Board, if necessary, for review and discussion on an occurrence basis;

2. the Board will review the overall performance of and compliance with the Contractual Arrangements at least once a year;

3. the Directors undertake to provide periodic updates in the annual reports regarding the latest development of the FIL; and

4. the Company will engage external legal advisors or other professional advisors, if necessary, to assist the Board to review the implementation of the Contractual Arrangements, review the legal compliance of WFOE and the PRC Operating Entities to deal with specific issues or matters arising from the Contractual Arrangements.

The independent non-executive Directors have reviewed the Contractual Arrangements set out above and have confirmed that (i) the transactions carried out during the Year have been entered into in accordance with the relevant provisions of the Contractual Arrangements and that the profit generated by the PRC Operating Entities has been substantially retained by the WFOE, (ii) no dividends or other distributions have been made by the PRC Operating Entities to the holders of its equity interests which are not otherwise subsequently assigned or transferred to us, and (iii) no new contracts have been entered into, renewed or reproduced between the Group and our PRC Operating Entities during the Year.

Pursuant to Rule 14A.55 of the Listing Rules, the Independent non-executive Directors have also reviewed the Contractual Arrangements set out above and have confirmed that the Contractual Arrangements were entered into (i) in the ordinary and usual course of business of the Group, (ii) on normal commercial terms, and (iii) in accordance with the respective agreement governing them on terms that are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

CCTH CPA Limited, the Company's external auditor, was engaged to report on the Group's continuing connected transactions in accordance with the Hong Kong Standard on Assurance Engagements 3000 (Revised) Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and with reference to Practice Note 740 (Revised) Auditor's Letter on Continuing Connected Transactions under the Listing Rules issued by the Hong Kong Institute of Certified Public Accountants. CCTH CPA Limited has issued their unqualified letter containing their findings and conclusions in respect of the transactions disclosed above by the Group in accordance with Rule 14A.56 of the Listing Rules.

REVIEW BY AUDIT COMMITTEE

The annual results and the audited consolidated financial statements of the Group for the year ended 31 December 2024 have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the consolidated financial statements of the Group for the year ended 31 December 2024 comply with applicable reporting standards, the Listing Rules, and that adequate disclosures have been made.

REPORT OF THE DIRECTORS

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this report, there was no other significant events of the Group after the reporting period.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total number of issued shares were held by the public as at the latest practicable date prior to the date of this annual report.

AUDITOR

On 17 November 2022, Ernst & Young resigned as auditor of the Company and CCTH CPA Limited were appointed by the directors to fill the casual vacancy so arising. There have been no other changes of auditors in the past three years. A resolution for the reappointment of CCTH CPA Limited as auditor of the Company will be proposed at the forthcoming annual general meeting.

FORWARD LOOKING STATEMENTS

This report contains forward looking statements with respect to the financial conditions, results of operations and business of the Group. These forward looking statements represent the Company's expectations or beliefs concerning future events and involve known and unknown risks and uncertainty that could cause actual results, performance or events to differ materially from those expressed or implied in such statements.

APPRECIATION

The Group's continued success depends on all its staff's commitment, dedication and professionalism. The Board would like to thank every member of staff for their diligence and dedication and to express its sincere appreciation to our shareholders, clients and suppliers for their continuous and valuable support.

On behalf of the Board

He Binfeng
Chairman, executive Director and chief executive officer
28 March 2025

INDEPENDENT AUDITOR'S REPORT

CCTH CPA LIMITED
中正天恆會計師有限公司

To the shareholders of Feiyang International Holdings Group Limited
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Feiyang International Holdings Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 101 to 190, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 3.1 to the consolidated financial statements that, the Group incurred net losses amounted to approximately RMB54,830,000 for the year ended 31 December 2024 and the Group's net current liabilities amounted to approximately RMB13,088,000 as at 31 December 2024. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. In light of all the measures and arrangements detailed in note 3.1 to the consolidated financial statements, the directors are of the opinion that the Group will be able to finance its future working capital and financial requirements. Our opinion is not modified in respect of this matter.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the "Material Uncertainty Related to Going Concern" section, we have determined the matters described below to be the key audit matters to be communicated in our report.

KEY AUDIT MATTERS *(continued)*

Revenue recognition

Refer to note 6 to the consolidated financial statements

Key Audit Matter	How our audit address the key audit matter
Revenue recognition is identified as a key audit matter because of its financial significance to the consolidated financial statements and is one of key performance indicators of the Group. Accordingly, there may be risks of material misstatements related to revenue recognition. For the year ended 31 December 2024, the Group recognised revenue of approximately RMB715,868,000, of which amounted to approximately RMB397,529,000 were derived from gross income from sales of free independent travelers ("FIT") products business where the Group acted as a principal and had the primary responsibility for fulfilling the promise to provide the specified goods to customers. The Group determined whether itself is acting as a principal or agent on sales of FIT products required judgement and consideration of all relevant facts and circumstances. We focused on this area due to the significant judgement involved in assessments of management's determination of principal or agent for the purpose of revenue recognition of FIT products.	Our procedures in relation to revenue recognition for the year ended 31 December 2024 include: — We obtained an understanding of and assessing the design, implementation and operating effectiveness of key internal controls in relating to revenue recognition; — We performed test of controls and substantive testing on revenue cycle; — We conducted analytical procedures on revenue; — We scrutinised manual journals related to revenue to assess the timing of revenues recorded; and — We reviewed the appropriateness of the management's assessment concerning the determination of the FIT products of the Group acting as principal or an agent in each category of transactions.

KEY AUDIT MATTERS *(continued)*

Impairment assessment of trade receivables and other receivables and recoverability of prepayments

Refer to notes 21 and 22 to the consolidated financial statements

Key audit matter	How our audit addressed the key audit matter
The Group had trade receivables, deposits and other receivables and prepayments with the gross amounts of approximately RMB155,796,000, RMB224,757,000 and RMB125,735,000 respectively at 31 December 2024. Impairment loss on trade receivables, deposits and other receivables and prepayments of approximately RMB67,148,000, RMB136,820,000 and RMBNil respectively were recognised as at 31 December 2024. Management has performed impairment assessment of the trade receivables and deposits and other receivables based on information including ageing of the trade receivables, past repayment history, subsequent settlement status of receivable balance, credit profile of the customers and on-going trading relationship with the relevant customers. Management also considered forward looking information that may impact the customers' ability to repay the outstanding balances in order to estimate the expected credit losses for the impairment assessment. Management has performed assessment to determine the recoverability of prepayments. An impairment loss is recognised on the carrying amount exceeds the recoverable amount, which is the higher of fair value less costs of disposal and value in use. We focused on this area because the impairment assessment of trade receivables and deposits and other receivables under the expected credit losses model and recoverability of prepayments involved significant management judgments.	Our procedures in relation to management's impairment assessment on trade receivables and deposits and other receivables and recoverability of prepayments as at 31 December 2024 included: — We obtained an understanding of the key controls that the Group has implemented to manage and monitor its credit risk; — We made enquiry of management regarding the status of each of the significant trade receivables past due, the Group's on-going business relationship with the relevant customers and past repayment history of the customers; — We checked, on a sample basis, the ageing analysis of the trade receivables as at 31 December 2024 to the underlying financial records; — We assessed the subsequent settlement of trade receivable and other receivables balances. Where settlement had not been received subsequent to the year end date, we obtained an understanding of the basis of management's judgments about the recoverability of the outstanding receivables and evaluate the allowance for doubtful debts made by management for these balances; — We corroborated explanations from management with supporting evidence, such as correspondence with customers, public search of the customers' profiles as we evaluated management's judgments; and — We assessed the appropriateness of the expected credit loss positioning methodology, examining the key data inputs on a sample basis to assess their accuracy and completeness, and challenging the assumptions, including both historical and forward looking information, used to determine the expected credit loss.

KEY AUDIT MATTERS *(continued)*

Impairment assessment of trade receivables and other receivables and recoverability of prepayments*(continued)*

Refer to notes 21 and 22 to the consolidated financial statements *(continued)*

Key audit matter	How our audit addressed the key audit matter
	— We conducted an evaluation of management's assessment regarding indications of impairment and the recoverability of prepayments. We reviewed and tested management's key assumptions used in determining the recoverable amount of the respective prepayments and the Group's business development plan.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

CCTH CPA Limited
Certified Public Accountants
Hong Kong, 28 March 2025

Lee Chi Hang
Practising Certificate Number P01957

Unit 1510–1517, Tower 2,
Kowloon Commerce Centre,
No. 51 Kwai Cheong Road,
Kwai Chung, New Territories, Hong Kong

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
REVENUE	6	**715,868**	534,303
Cost of sales		**(667,378)**	(479,970)
Gross profit		**48,490**	54,333
Other income and gains	6	**34,975**	38,808
Selling and distribution expenses		**(28,250)**	(21,487)
Administrative expenses		**(39,758)**	(42,181)
Impairment losses on financial assets recognised, net		**(50,423)**	(18,978)
Other expenses		**(8,794)**	(7,871)
Share of losses of associates		**(756)**	(1,629)
Share of losses of joint ventures		**–**	(3)
Finance costs	8	**(9,949)**	(10,832)
LOSS BEFORE INCOME TAX	7	**(54,465)**	(9,840)
Income tax expenses	11	**(365)**	(1,725)
LOSS FOR THE YEAR		**(54,830)**	(11,565)
OTHER COMPREHENSIVE INCOME/(LOSSES)			
Item that will not be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of financial statements		**22,436**	(32,151)
OTHER COMPREHENSIVE INCOME/(LOSSES) FOR THE YEAR		**22,436**	(32,151)
TOTAL COMPREHENSIVE LOSSES FOR THE YEAR		**(32,394)**	(43,716)
LOSS FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the Company		**(42,046)**	(9,575)
Non-controlling interests		**(12,784)**	(1,990)
		(54,830)	(11,565)
TOTAL COMPREHENSIVE LOSSES ATTRIBUTABLE TO:			
Owners of the Company		**(19,551)**	(42,426)
Non-controlling interests		**(12,843)**	(1,290)
		(32,394)	(43,716)
		2024 RMB cent	2023 RMB cent
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	13		
Basic		**(5.05)**	(1.17)
Diluted		**N/A**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	**29,404**	39,192
Investment properties	15	**6,591**	6,586
Right-of-use assets	16(a)	**7,814**	11,516
Intangible assets	17	**1,598**	2,607
Finance lease receivables	23	**166**	4,874
Advance payments for acquisition of property, plant and equipment		**3,704**	11,781
Investments in associates	18	**1,076**	56,166
Investments in joint ventures	19	**464**	454
Prepayments, deposits and other receivables	22	**18,024**	473
Deferred tax assets	29	**–**	381
		68,841	134,030
CURRENT ASSETS			
Inventories	20	**4,543**	5,250
Trade receivables	21	**88,648**	201,071
Prepayments, deposits and other receivables	22	**195,648**	156,521
Finance lease receivables	23	**38**	1,996
Amounts due from related parties	36	**8,490**	5,979
Financial assets at fair value through profit or loss	24	**340**	2,494
Pledged deposits	25	**3,042**	3,042
Cash and cash equivalents	25	**36,688**	56,500
		337,437	432,853
CURRENT LIABILITIES			
Trade payables	26	**33,816**	139,880
Contract liabilities, other payables and accruals	27	**107,704**	132,847
Interest-bearing bank and other borrowings	28	**197,460**	194,857
Lease liabilities	16(b)	**4,543**	5,086
Tax payables		**7,002**	6,081
		350,525	478,751
NET CURRENT LIABILITIES		**(13,088)**	(45,898)
TOTAL ASSETS LESS CURRENT LIABILITIES		**55,753**	88,132

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

	Notes	**2024 RMB'000**	2023 RMB'000
NON-CURRENT LIABILITIES			
Lease liabilities	16(b)	**4,701**	7,956
		4,701	7,956
NET ASSETS		**51,052**	80,176
EQUITY			
Share capital	30	**7,145**	7,145
Reserves	31	**51,491**	70,271
Equity attributable to owners of the Company		**58,636**	77,416
Non-controlling interests		**(7,584)**	2,760
TOTAL EQUITY		**51,052**	80,176

The consolidated financial statements on pages 101 to 190 were approved and authorised for issue by the board of directors on 28 March 2025 and are signed on its behalf by:

He Binfeng
Director

Xiong Di
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Attributable to owners of the Company											
	Share capital RMB'000	Share premium* RMB'000 (note 30)	Capital reserve* RMB'000 (note 31)	Statutory surplus reserves* RMB'000 (note 31)	Accumulated loss* RMB'000	Share award reserves* RMB'000	Share based payment reserve* RMB'000	Special reserves* RMB'000	Foreign currency translation reserves* RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2023	6,850	229,960	47,355	8,517	(235,190)	8,001	–	(255)	18,935	84,173	4,037	88,210
Loss for the year	–	–	–	–	(9,575)	–	–	–	–	(9,575)	(1,990)	(11,565)
Other comprehensive (loss)/income for the year:												
Exchange differences on translation of financial statements	–	–	–	–	–	–	–	–	(32,851)	(32,851)	700	(32,151)
Total comprehensive losses for the year	–	–	–	–	(9,575)	–	–	–	(32,851)	(42,426)	(1,290)	(43,716)
Placing of shares (note 30)	295	35,374	–	–	–	–	–	–	–	35,669	–	35,669
Capital contribution by non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	13	13
At 31 December 2023	7,145	265,334	47,355	8,517	(244,765)	8,001	–	(255)	(13,916)	77,416	2,760	80,176

	Attributable to owners of the Company											
	Share capital RMB'000	**Share premium* RMB'000 (note 30)**	**Capital reserve* RMB'000 (note 31)**	**Statutory surplus reserves* RMB'000 (note 31)**	**Accumulated loss* RMB'000**	**Share award reserves* RMB'000**	**Share based payment reserve* RMB'000**	**Special reserves* RMB'000**	**Foreign currency translation reserves* RMB'000**	**Subtotal RMB'000**	**Non-controlling interests RMB'000**	**Total RMB'000**
At 1 January 2024	**7,145**	**265,334**	**47,355**	**8,517**	**(244,765)**	**8,001**	**–**	**(255)**	**(13,916)**	**77,416**	**2,760**	**80,176**
Loss for the year	**–**	**–**	**–**	**–**	**(42,046)**	**–**	**–**	**–**	**–**	**(42,046)**	**(12,784)**	**(54,830)**
Other comprehensive (loss)/income for the year:												
Exchange differences on translation of financial statements	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**22,495**	**22,495**	**(59)**	**22,436**
Total comprehensive losses for the year	**–**	**–**	**–**	**–**	**(42,046)**	**–**	**–**	**–**	**22,495**	**(19,551)**	**(12,843)**	**(32,394)**
Recognition of equity settled share based payments	**–**	**–**	**–**	**–**	**–**	**–**	**771**	**–**	**–**	**771**	**–**	**771**
Non-controlling interest arising from business combination	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**2,499**	**2,499**
At 31 December 2024	**7,145**	**265,334**	**47,355**	**8,517**	**(286,811)**	**8,001**	**771**	**(255)**	**8,579**	**58,636**	**(7,584)**	**51,052**

* These reserve accounts comprise the consolidated reserves of RMB51,491,000 (2023: RMB70,271,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before income tax		**(54,465)**	(9,840)
Adjustments for:			
Depreciation of property, plant and equipment	14	**11,155**	10,380
Depreciation of right-of-use assets	16(a)	**5,127**	5,710
Amortisation of an intangible assets	17	**1,051**	524
Bank interest income	6	**(642)**	(209)
Finance costs	8	**9,949**	10,832
Gain on disposal of property, plant and equipment		**–**	(2,147)
Changes in fair value of investment properties	15	**(5)**	(119)
Changes in fair value of financial assets at fair value through profit or loss		**46**	4,964
Realised loss/(gain) on disposed of listed equity securities		**247**	(4,033)
Loss on termination of leases		**31**	–
Loss on settlement of prepayments		**3,414**	–
Loss on disposal of associates		**1,171**	–
Share of losses of associates		**756**	1,629
Share of losses of joint ventures		**–**	3
Impairment loss on trade receivables, (reversed)/recognised		**(12,986)**	17,757
Impairment loss on prepayments, deposit and other receivables recognised		**57,829**	1,125
Impairment loss on finance lease receivables		**5,580**	96
Impairment loss on property, plant and equipment		**172**	1,779
Operating cash flows before movements in working capital		**28,430**	38,451
Decrease/(increase) in trade receivables		**125,429**	(200,398)
Increase in prepayments, deposits and other receivables		**(117,931)**	(6,533)
Decrease/(increase) in finance lease receivables		**1,238**	(6,966)
Increase in amounts due from related parties		**(2,511)**	(4,690)
Decrease/(increase) in inventories		**707**	(433)
Decrease/(increase) in advance payments for acquisition of property, plant and equipment		**8,156**	(8,360)
(Decrease)/increase in trade payables		**(106,064)**	122,468
(Decrease)/increase in contract liabilities, other payables and accruals		**(25,143)**	78,788
Cash (used in)/generated from operations		**(87,689)**	12,327
Income tax refund/(paid)		**580**	(86)
Net cash (used in)/generated from operating activities		**(87,109)**	12,241
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment		**(1,091)**	(3,426)
Purchase of intangible assets		**–**	(3,106)
Proceeds from disposal of property, plant and equipment		**–**	10,096
Acquisition of investment in associates		**(1,830)**	(1,937)
Acquisition of investment in joint ventures		**–**	(458)
Trading of financial assets at fair value through profit or loss		**2,141**	7,857
Proceeds from deregistration of an associate		**54,994**	–
Decrease in pledged deposits		**–**	6,304
Interest received		**642**	209
Net cash generated from investing activities		**54,856**	15,539

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	Note	2024 RMB'000	2023 RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from placing of shares		–	35,669
Proceeds from bank loans		**197,460**	194,857
Repayment of bank loans		**(194,857)**	(198,655)
Interest paid		**(9,143)**	(10,177)
Repayment of lease liabilities		**(5,767)**	(6,281)
Capital contribution by non-controlling interests		**2,499**	13
Net cash (used in)/generated from financing activities		**(9,808)**	15,426
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(42,061)**	43,206
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**56,500**	43,795
Effect of foreign exchange rate changes		**22,249**	(30,501)
CASH AND CASH EQUIVALENTS AT END OF YEAR	25	**36,688**	56,500
Analysis of cash and cash equivalents at end of the year			
Cash and cash equivalents		**36,688**	56,500

1. CORPORATE AND GROUP INFORMATION

The Company is an exempted company incorporated in the Cayman Islands with limited liability. The registered office address of the Company is Suite #4-210, Governors Square, 23 Lime Tree Bay Avenue, PO Box 32311, Grand Cayman, KY1-1209, Cayman Islands. The principal place of business is located at East Mansion, Wuyi Plaza, No. 2437 Zhongshan East Road, Ningbo City, Zhejiang Province, the People's Republic of China (the "**PRC**").

The Company is an investment holding company. During the year, the Company's subsidiaries were principally involved in (i) the design, development and sale of outbound, domestic and surrounding travel package tours; (ii) the design, development and sale of free independent traveller ("**FIT**") products; (iii) the provision of other ancillary travel-related products and services; (iv) the sales of health products; (v) the provision of information system development products and services; and (vi) the provision of finance lease services.

In the opinion of the directors of the Company, the ultimate controlling shareholders of the Group are Mr. He Binfeng and Ms. Qian Jie, the spouse of Mr. He (collectively, the "**Controlling Shareholders**").

The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited on 28 June 2019.

The consolidated financial statements is presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand ("**RMB'000**") except when otherwise indicated.

Information about principal subsidiaries

Particulars of the Company's subsidiaries which are wholly owned directly or indirectly by the Company are as follows:

Name	Place and date of incorporation/ registration and place of business	Issued ordinary/ registered share capital	Principal activities
Directly held:			
Bird Investment Group Limited	British Virgin Islands ("**BVI**") 25 October 2018	United States dollar ("**USD**") 50,000	Investment holding
Toucan Investment Holdings Limited	BVI 18 October 2018	USD50,000	Investment holding
Indirectly held:			
Cuckoo HK Holdings Limited 杜鵑香港控股有限公司	Hong Kong 26 October 2018	Hong Kong dollar ("**HKD**") 10,000	Investment holding
Feiyang HK Group Limited 飛揚香港集團有限公司	Hong Kong 2 November 2018	HKD10,000	Investment holding
Ningbo Feiyang Commercial Management Co., Ltd. ("**WFOE**") (i) 寧波飛揚商業管理有限公司	The PRC/ Mainland China 12 December 2018	HKD1.2 million	Technical support and consultancy related services

1. CORPORATE AND GROUP INFORMATION *(continued)*

Information about principal subsidiaries *(continued)*

Name	Place and date of incorporation/ registration and place of business	Issued ordinary/ registered share capital	Principal activities
Ningbo Shengda Feiyang Commercial Management Co., Ltd. (ii) 寧波勝大飛揚企業管理有限公司	The PRC/ Mainland China 27 September 2018	RMB1.05 million	Investment holding
Zhejiang Feiyang International Travel Group Co., Ltd. (iii)(iv) 浙江飛揚國際旅遊集團股份有限公司	The PRC/ Mainland China 19 September 2001	RMB46.64 million	Outbound travel business
Ningbo Feiyang Expo Services Co., Ltd. (iii) 寧波飛揚會展服務有限公司	The PRC/ Mainland China 21 February 2011	RMB3.5 million	Exhibition service, conference service and business information consultation services
Zhejiang Feiyang Travel Agency Co., Ltd. (iii) 浙江飛揚旅行社有限公司	The PRC/ Mainland China 11 October 2018	RMB5 million	Domestic and inbound travel business
Zhejiang Ben Niao Travel Co., Ltd. (iii) 浙江笨鳥旅遊有限公司	The PRC/ Mainland China 3 August 2018	RMB5 million	Domestic and inbound travel business
Zhejiang Feiyang Shulian Technology Co., Ltd. (iii) 浙江飛揚數聯科技有限公司	The PRC/ Mainland China 22 December 2011	RMB5 million	Software research and development
Ningbo Feiyang Lianchuang Cultural Tourism Development Co., Ltd. (iii) 寧波飛揚聯創文旅發展有限公司	The PRC/ Mainland China 7 January 2020	RMB1 million	Cultural tourism business
Ningbo Feiyang Baoyu Ecological Tourism Development Co., Ltd. (formerly known as Ningbo Feiyang Ecological Agriculture Development Co., Ltd.) (iii) 寧波飛揚寶譽生態旅遊開發有限公司(前稱寧波飛揚生態農業發展有限公司)	The PRC/ Mainland China 26 November 2020	RMB5 million	Country-side tourism

1. CORPORATE AND GROUP INFORMATION *(continued)*

Information about principal subsidiaries *(continued)*

Name	Place and date of incorporation/ registration and place of business	Issued ordinary/ registered share capital	Principal activities
Zhejiang Jinzhu International Tourism Co., Ltd. (formerly known as Zhejiang Feiyang Lianchuang Travel Co., Ltd.) (iii)(iv) 浙江金豬國際旅遊有限公司 (前稱浙江飛揚聯創旅遊有限公司)	The PRC/ Mainland China 21 May 2001	RMB10 million	Outbound travel business
Zhejiang Feiyang Commercial Management Co., Ltd. (iii)(iv) 浙江飛揚商務管理有限公司	The PRC/ Mainland China 13 June 2017	RMB10 million	Air ticketing business
Ningbo Qihang Airplane Ticketing Co., Ltd. (iii)(iv) 寧波啟航航空票務有限公司	The PRC/ Mainland China 3 August 2012	RMB15 million	Air ticketing business
DS Wellness & Health Management Limited 德斯尚康薈健康管理有限公司	Hong Kong 7 December 2021	HKD10,000	Medical management
Feiyang Metaverse Technology Limited ("Feiyang Metaverse") 飛揚元宇宙科技有限公司	Hong Kong 21 December 2021	HKD10,000	Blockchain metaverse business
Zhejiang Feijiada Aviation Service Co., Ltd. 浙江飛加達航空服務有限公司(iii)(iv)	The PRC/ Mainland China 28 September 2022	RMB1,833,000	Investment holding
Hainan Zhenlv International Travel Agency Co., Ltd. ("Hainan Zhenlv") 海南真旅國際旅行社有限公司(iii)(iv)	The PRC/ Mainland China 12 June 2019	Nil	Air ticket sourcing
Feiyang Travel Limited	Hong Kong 1 March 2023	HKD10,000	Travelling business
Ningbo Yinzhou Feiyang Meilian International Travel Co., Ltd. 寧波鄞州飛揚美廉國際旅游有限公司	The PRC/ Mainland China 2 August 2024	Nil	Tourism development

1. CORPORATE AND GROUP INFORMATION *(continued)*

Information about principal subsidiaries *(continued)*

Notes:

(i) This entity is a wholly-foreign owned enterprise established under the PRC law.

(ii) This entity is a Sino-foreign joint venture enterprise established under the PRC law.

(iii) These entities are limited liability enterprises established under the PRC law.

(iv) These entities are controlled by the Company through a series of structured contracts entered into between the WFOE and these entities (the "Structured Contracts"). They are collectively referred to as the "PRC Operating Entities".

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current* (the "***2020 Amendments***")
Amendments to HKAS 1	*Non-current Liabilities with Covenants* (the "***2022 Amendments***")
Amendments to HKAS 7 and HKFRS 7	*Supplier Finance Arrangements*

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

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(continued)*

New and amendments to HKFRSs in issue but not yet effective

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and revised HKFRSs, if applicable, when they become effective.

HKFRS 18	*Presentation and Disclosure in Financial Statements*[3]
HKFRS 19	*Subsidiaries without Public Accountability: Disclosures*[3]
Amendments to HKFRS 9 and HKFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[2]
Amendments to HKFRS 9 and HKFRS 7	*Contracts Referencing Nature-dependent Electricity*[2]
Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
Amendments to HKAS 21	*Lack of Exchangeability*[1]
Annual Improvements to HKFRS Accounting Standards — Volume 11	*Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7*[2]

1 Effective for annual periods beginning on or after 1 January 2025
2 Effective for annual periods beginning on or after 1 January 2026
3 Effective for annual/reporting periods beginning on or after 1 January 2027
4 No mandatory effective date yet determined but available for adoption

Except for the amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other amendments to HKFRSs, which are not yet effective, will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 18 Presentation and Disclosure in Financial Statements , which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 Presentation of Financial Statements. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 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 HKAS 1 paragraphs have been moved to HKAS 8 and HKFRS 7. Minor amendments to HKAS 7 Statement of Cash Flows and HKAS 33 Earnings per Share are also made.

HKFRS 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 Group is in the process of assessing the detailed impact of HKFRS 18 on the Group's consolidated financial statements.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the disclosure requirements of Hong Kong Companies Ordinance.

Going concern basis

The Group incurred net losses amounted to approximately RMB54,830,000 for the year ended 31 December 2024 and the Group's net current liabilities amounted to approximately RMB13,088,000 as at 31 December 2024, the directors of the Company considered it appropriate for the preparation of the consolidated financial statements on a going concern basis for at least twelve months after the end of the reporting period after taking into account the following circumstances and measures:

(i) The Group has been actively negotiating with banks in renewing its short-term borrowings upon their maturities and the management of the Company is confident in the successful renewal of the bank loans upon maturity; and

(ii) The Group is implementing various measures, such as optimising its overall sales network and undergoing effective cost control to improve the profit margin and operating cash flows of its business.

The directors of the Company are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due for at least twelve months after 31 December 2024. Accordingly, the consolidated financial statements have been prepared on a going concern basis. Should the Group be unable to operate as a going concern, adjustments would have to be made to reduce the carrying amounts of the Group's assets to their net realisable amounts, to provide for further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effect of these adjustments has not been reflected in the consolidated financial statements.

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at fair values at the end of each reporting period.

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.1 Basis of preparation of consolidated financial statements *(continued)*

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

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

3.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

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

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

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.2 Basis of consolidation *(continued)*

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

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

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

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

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Changes in the Group's interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9 *Financial Instruments* or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.2 Basis of consolidation *(continued)*

Business combinations or asset acquisitions

Optional concentration test

The Group can elect to apply an optional concentration test, on a transaction-by-transaction basis, that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed.

Asset acquisitions

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to investment properties which are subsequently measured under fair value model and financial assets/financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

Business combinations

A business is an integrated set of activities and assets which includes an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired processes are considered substantive if they are critical to the ability to continue producing outputs, including an organised workforce with the necessary skills, knowledge, or experience to perform the related processes or they significantly contribute to the ability to continue producing outputs and are considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

The identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the Conceptual Framework for Financial Reporting (the "Conceptual Framework") except for transactions and events within the scope of HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or HK(IFRIC)-Int 21 Levies, in which the Group applies HKAS 37 or HK(IFRIC)-Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination. Contingent assets are not recognised.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.2 Basis of consolidation *(continued)*

Business combinations or asset acquisitions *(continued)*

Business combinations (continued)

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 Income Taxes and HKAS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 at the acquisition date;

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard; and

- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in HKFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or at fair value.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.2 Basis of consolidation *(continued)*

Business combinations or asset acquisitions *(continued)*

Business combinations (continued)

The subsequent accounting for the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured to fair value at subsequent reporting dates, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss or other comprehensive income, as appropriate. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income and measured under HKFRS 9 would be accounted for on the same basis as would be required if the Group had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period (see above), and additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

3.3 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or group of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.3 Goodwill *(continued)*

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the group of cash-generating units) retained.

The Group's policy for goodwill arising on the acquisition of an associate and joint venture are described below.

3.4 Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Appropriate adjustments have been made to conform the associate's and the joint venture's accounting policies to those of the Group. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. Changes in net assets of the associate/joint venture other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate or joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.4 Investments in associates and joint ventures *(continued)*

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate or a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset within the scope of HKFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate or joint venture and the fair value of any retained interest and any proceeds from disposing of the relevant interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate or joint venture.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

The Group applies HKFRS 9, including the impairment requirements, to long-term interests in an associate or joint venture to which the equity method is not applied and which form part of the net investment in the investee. Furthermore, in applying HKFRS 9 to long-term interests, the group does not take into account adjustments to their carrying amount required by HKAS 28 (i.e. adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with HKAS 28).

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.4 Investments in associates and joint ventures *(continued)*

Changes in the Group's interests in associates and joint ventures

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

Acquisition of additional interests in associates or joint ventures

When the Group increases its ownership interest in an associate or a joint venture but the Group continues to use the equity method, goodwill is recognised at acquisition date if there is excess of the consideration paid over the share of carrying amount of net assets attributable to the additional interests in associates or joint ventures acquired. Any excess of share of carrying amount of net assets attributable to the additional interests in associates or joint ventures acquired over the consideration paid are recognised in the profit or loss in the period in which the additional interest are acquired.

3.5 Non-current assets held for sale

Non-current assets (and disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in the relevant subsidiary after the sale.

When the Group is committed to a sale plan involving disposal of an investment, or a portion of an investment, in an associate or joint venture, the investment or the portion of the investment that will be disposed of is classified as held for sale when the criteria described above are met, and the Group discontinues the use of the equity method in relation to the portion that is classified as held for sale from the time when the investment (or a portion of the investment) is classified as held for sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell , except for financial assets within the scope of HKFRS 9, investment properties measured at fair value, which continue to be measured in accordance with the accounting policies as set out in respective sections.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.6 Property, plant and equipment and depreciation

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress as described below). Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Leasehold improvements and certain office equipment under construction in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets is functioning properly and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statement of financial position except for those that are classified and accounted for as investment properties under the fair value model. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The estimated useful lives of property, plant and equipment are as follows:

Computer and office equipment	3 to 5 years
Motor vehicles and yacht	4 to 10 years
Leasehold improvements	Over the shorter of the leasehold improvements' useful life and the lease term

The rates of residual values of certain property, plant and equipment are as follows:

Computer and office equipment	0 to 5%
Motor vehicles and Yacht	0 to 5%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation methods are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.7 Investment properties

Investment properties are interests in land and buildings which would otherwise meet the definition of an investment property held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of the retirement or disposal.

Transfers to or from investment property shall be made when, and only when, there is a change in use evidenced by:

(a) commencement of owner-occupation, for a transfer from investment property to owner-occupied property;

(b) commencement of development with a view to sale, for a transfer from investment property to inventories;

(c) end of owner-occupation, for a transfer from owner-occupied property to investment property; or

(d) commencement of an operating lease to another party, for a transfer from inventories to investment property.

3.8 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Purchased software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of 3 to 10 years.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.9 Impairment on property, plant and equipment, right-of-use assets, and intangible asset other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property, plant and equipment, right-of-use assets, and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

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

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.10 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in first out method for the finished goods. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

3.11 Leases

Definition of a lease

The Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed. As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the consolidated financial statements would not differ materially from individual leases within the portfolio.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.11 Leases *(continued)*

The Group as a lessee *(continued)*

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Right-of-use assets are depreciated on a straight line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows,

Office units	2 to 10 years
Motor vehicles	3 years

If the ownership of the leased asset transfer to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful lives of the asset.

The Group presents right-of-use assets that do not meet the definition of investment property or inventory as a separate line item on the consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.11 Leases *(continued)*

The Group as a lessee *(continued)*

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review/expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.11 Leases *(continued)*

The Group as a lessee *(continued)*

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability, less any lease incentives receivable, based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use assets. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Amounts due from lessees under finance leases are recognised as receivables at commencement date at amounts equal to net investments in the leases, measured using the interest rate implicit in the respective leases. Initial direct costs (other than those incurred by manufacturer or dealer lessors) are included in the initial measurement of the net investments in the leases. Interest income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term except for investment properties measured under fair value model.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.11 Leases *(continued)*

The Group as a lessor *(continued)*

Allocation of consideration to components of a contract

When a contract includes both leases and non-lease components, the Group applies HKFRS 15 Revenue from Contracts with Customers to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

Refundable rental deposits

Refundable rental deposits received are accounted for under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

Lease modification

Changes in considerations of lease contracts that were not part of the original terms and conditions are accounted for as lease modifications, including lease incentives provided through forgiveness or reduction of rentals.

(i) Operating lease

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

For rent concession under which the Group legally releases the lessee from its obligation to make specifically identified lease payment, of which some of these lease payments are contractually due but not paid and some of them are not yet contractually due, the Group accounts for the portions which have been recognised as operating lease receivables (i.e. the lease payments which are contractually due but not paid) by applying the ECL and derecognition requirements under HKFRS 9 and applies lease modification requirements for the forgiven lease payments that the Group has not recognised (i.e. the lease payments which are not yet contractually due) as at the effective date of modification.

(ii) Finance lease

The Group accounts for a change in the lease payments of a finance lease as a lease modification, that is not accounted for as a separate lease, in accordance with the requirements of HKFRS 9. If the change represents a substantial modification, the finance lease receivables of the original lease are derecognised and a derecognition gain or loss calculated using the revised lease payments discounted at the revised discount rate is recognised in profit or loss on the date of the modification. If the change does not represent a substantial modification, the Group continues to recognise the finance lease receivables in which such carrying amount will be calculated at the present value of the modified contractual cash flows discounted at the related receivables' original discount rate. Any adjustment to the carrying amount is recognised in profit or loss at the effective date of modification.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.12 Investments and other financial instruments

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" above.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.12 Investments and other financial instruments *(continued)*

Subsequent measurement

The Group's financial assets measured at amortised costs (debt instruments) are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

All other financial assets are subsequently measured at financial assets at fair value through profit or loss ("FVTPL"), except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 Business Combinations applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or financial assets at fair value through other comprehensive income ("FVTOCI") as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred assets is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.12 Investments and other financial instruments *(continued)*

Impairment of financial assets

The Group recognises an allowance for the expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (lifetime ECL).

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

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1 — Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 — Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 — Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.12 Investments and other financial instruments *(continued)*

Impairment of financial assets *(continued)*

Simplified approach

For trade receivables and finance lease receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies a simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade payables, interest-bearing bank and other borrowings, other payables and accruals and lease liabilities.

Subsequent measurement

The subsequent measurement of loans and borrowings is as follows:

Financial liabilities measured at amortised cost (loans and borrowings)

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.12 Investments and other financial instruments *(continued)*

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3.13 Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short-term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

3.14 Taxation

Income tax expense represents the sum of current and deferred income tax expense.

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

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.14 Taxation *(continued)*

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

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

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

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale, except for freehold land, which is always presumed to be recovered entirely through sale.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to the lease liabilities, and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.15 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

3.16 Revenue recognition

Revenue from contracts with customers

The Group is mainly involved the business of providing travel-related products and services. Revenue from contracts with customers is recognised when control of the products and services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those products and services.

The disclosure of significant accounting judgement relating to revenue from contracts with customers is provided in note 4 to the financial statements.

Sale of travel-related products and services:

(i) Revenue from the sale of package tours is recognised over time because the package is simultaneously received and consumed by the customer when the Group performs. The revenue is recognised based on the actual service provided to the end of the year as a proportion of the total services to be provided. This is determined based on the day spent at the destination relative to the total number of tour days.

(ii) When the Group is acting as a principal in the sale of FIT products (such as air tickets and hotel rooms), the revenue from the sale of FIT products is recorded on the gross basis and is recognised at the point in time when the products are sold to the customers.

(iii) When the Group is acting as an agent in the sale of FIT products, the margin income from the sale of FIT products is recognised at the point in time when the services have been rendered.

(iv) Income from the sale of ancillary travel-related products and services (such as visa application processing, admission tickets to tourist attractions and arranging the purchase of travel insurance for customers), except for income from conferencing services, is recognised when the services are provided to customers.

(v) Income from the provision of conferencing services is recognised over time because of continuous transfer of control to the customer. The revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided.

The Group does not provide any sales-related warranties. There is no right of return by customer under the Group's standard contract terms.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.16 Revenue recognition *(continued)*

Revenue from contracts with customers *(continued)*

Information system development services:

Revenue from information system development services is generally recognised at the point in time when control of the assets is transferred to the customers and customer acceptance is acquired.

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and the payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

Revenue from health products and information technology products

Revenue from sales of health products and information technology products are recognised at point in time when the customer obtains control of the promised goods or services in the contract. If the products are a partial fulfilment of a contract covering other goods and/or services, then the amount of revenue recognised is an appropriate proportion of the total transaction price under the contract, allocated between all the goods and services promised under the contract on a relative stand-alone selling price basis.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Rental income is recognised on a time proportion basis over the lease terms.

Contract liabilities (included in "Advance from customers, other payables and accruals")

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related products or services to the customer).

3.17 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.18 Other employee benefits

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans including the long service payment ("LSP") under the Hong Kong Employment Ordinance, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. In determining the present value of the Group's defined benefit obligations and the related current service cost and, where applicable, past service cost, the Group attributes benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than earlier years, the Group attributes the benefit on a straight-line basis from:

(a) the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service) until

(b) the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the consolidated statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Past service cost is recognised in profit or loss in the period of a plan amendment or curtailment and a gain or loss on settlement is recognised when settlement occurs. When determining past service cost, or a gain or loss on settlement, an entity shall remeasure the net defined benefit liability or asset using the current fair value of plan assets and current actuarial assumptions, reflecting the benefits offered under the plan and the plan assets before and after the plan amendment, curtailment or settlement, without considering the effect of asset ceiling (i.e. the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan).

Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. However, if the Group remeasures the net defined benefit liability or asset before plan amendment, curtailment or settlement, the Group determines net interest for the remainder of the annual reporting period after the plan amendment, curtailment or settlement using the benefits offered under the plan and the plan assets after the plan amendment, curtailment or settlement and the discount rate used to remeasure such net defined benefit liability or asset, taking into account any changes in the net defined benefit liability or asset during the period resulting from contributions or benefit payments.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.18 Other employee benefits *(continued)*

Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement.

The retirement benefit obligation recognised in the consolidated statement of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

For LSP obligation, the Group accounts for the employer MPF contributions expected to be offset as a deemed employee contribution towards the LSP obligation in terms of HKAS 19.93(a) and it is measure on a net basis. The estimated amount of future benefit is determined after deducting the negative service cost arising from the accrued benefits derived from the Group's MPF contributions that have been vested with employees, which are deemed to be contributions from the relevant employees.

3.19 Share-based payments

Shares options granted to employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payments reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share -based payments reserve. For shares options that vest immediately at the date of grant, the fair value of the shares/share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognised in share-based payments reserve will be transferred to share capital and share premium. When the share options are lapsed after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share-based payments reserve will be transferred to accumulated losses.

When shares granted are vested, the amount previously recognised in share-based payments reserve will be transferred to share capital and share premium.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.20 Foreign currencies

The financial statements are presented in RMB because the Group's principal operations are carried out in Mainland China. The functional currency of the Company and certain subsidiaries incorporated outside Mainland China is HKD and the functional currency of the subsidiaries established in Mainland China is RMB, which is the currency of the primary economic environment in which those entities operate. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

As at the end of the reporting period, the assets and liabilities of these entities are translated into Renminbi at the exchange rates prevailing at the end of the reporting period and their profit or loss are translated into Renminbi at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

4. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations, that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Structured Contracts

The PRC Operating Entities (referred to note 1 to the consolidated financial statements) are engaged in the outbound travel business and air ticketing business. Under the PRC laws and regulations, foreign investors are prohibited or restricted to invest in such business.

The Group exercises control over the PRC Operating Entities and enjoys substantially all economic benefits of the PRC Operating Entities through the Structured Contracts.

The Group does not have any equity interests in the PRC Operating Entities. However, as a result of the Structured Contracts, the Company has power over the relevant authorities of the PRC Operating Entities, has exposure to variable returns from its involvement with the PRC Operating Entities and has the ability to affect those returns through its power over the PRC Operating Entities and is therefore considered to have control over them. Consequently, the Company regards the PRC Operating Entities as indirect subsidiaries. The Company has consolidated the financial position and results of the PRC Operating Entities in the financial statements during the reporting period.

Principal versus agent

Determining whether revenue of the Group should be reported gross or net is based on a continuing assessment of various factors. When determining whether the Group is acting as the principal or agent in offering goods or services to the customer, the Group needs to first identify who controls the specified goods or services before they are transferred to the customer. The Group is a principal that obtains control of any of the following: (i) a good or another asset from the other party that the Group then transfers to the customer; (ii) a right to a service to be performed by the other party, which gives the Group the ability to direct that party to provide the service to the customer on the Group's behalf; (iii) a good or service from the other party that the Group then combines with other goods or services in providing the specified good or service to the customer. If control is unclear, when the Group is primarily obligated in a transaction, is subject to inventory risk, has latitude in establishing prices and selecting suppliers and customers, the Group records revenues on a gross basis. Otherwise, the Group records the net amount earned as commissions from products sold or services provided.

4. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

Critical judgements in applying accounting policies *(continued)*

Principal versus agent *(continued)*

The Group's management performs the assessment of control and reaches the conclusion that the Group acts as a principal in the provision of package tour services, conferencing services and sale of FIT products since the Group controls the services and subject to inventory risk before they are transferred to the customers. The Group acts as an agent in the margin income from the sale of FIT products since the Group does not obtain control over the services performed by the airline companies, hotels, tourist attractions and the relevant government authorities for visa application processing services. Accordingly, the Group recognises revenue from the provision of package tour services, conferencing services and the sale of FIT products on a gross basis and recognises the margin income from the sale of FIT products and ancillary travel-related products and services except for conferencing services on a net basis.

Key sources of estimation uncertainty

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

Provision for expected credit losses on trade and deposits and other receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groups of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information such as purchasing managers' index. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The provision for impairment of trade receivables at 31 December 2024 was RMB67,148,000 (2023: RMB80,134,000), details of which are set out in note 21 to the consolidated financial statements.

Provision for impairment on deposits and other receivables is measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses. In assessing the expected credit loss of deposits and other receivables, management considers various factors such as the ageing of the balances, existence of disputes, recent historical payment patterns, any other available information concerning the creditworthiness of counterparties and forward-looking information. Management uses this information to determine whether a provision for impairment is required either for a specific counterparty or for certain counterparties' balances that have similar loss patterns overall. The provision for impairment of other receivables at 31 December 2024 was RMB136,820,000 (2023: RMB78,991,000), details of which are set out in note 22 to the consolidated financial statements.

4. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

Key sources of estimation uncertainty *(continued)*

Impairment of long-lived assets

The Group assesses whether there are any indicators of impairment for all long-lived assets (including the property, plant and equipment, right-of-use assets and intangible asset) at the end of each reporting period. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit based on key assumptions such as the budgeted revenue, budgeted gross margins, the growth rate and overall market and economic conditions, and choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of property, plant and equipment, right-of-use assets and intangible assets at the end of the reporting period are disclosed in notes 14, 16(a) and 17, respectively, to the consolidated financial statements.

Estimation of fair value of investment properties

Investment properties carried at fair value were revalued at the end of each reporting period based on the appraised market value provided by independent professional valuers. Such valuations were based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. In making the estimation, the Group considers information from current prices in an active market for similar properties and uses assumptions that are mainly based on market conditions existing at the end of each reporting period.

The principal assumptions for the Group's estimation of the fair value include those related to estimated rental values with reference to the current market rents for similar properties in the same location and condition and appropriate capitalisation rates. The carrying amount of investment properties at 31 December 2024 was RMB6,591,000 (2023: RMB6,586,000). Further details, including the key assumptions used for fair value measurement and a sensitivity analysis, are set out in note 15 to the consolidated financial statements.

Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and distribution expenses. These estimates are based on the current market condition and historical experience of selling products of similar nature. It could change significantly as a result of competitor actions in response to changes in market conditions. Management reassesses these estimations at the end of the reporting period to ensure inventories are recognised at the lower of cost and net realisable value.

4. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

Key sources of estimation uncertainty *(continued)*

Leases — Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The gross deferred tax assets relating to deductible temporary differences as at 31 December 2024 were RMB2,310,000 (2023: RMB3,260,000). Details of which are set out in note 29 to the consolidated financial statements.

5. OPERATING SEGMENT INFORMATION

The Group's chief operating decision makers are the executive directors of the Company. The information reported to the Company's executive directors, for the purpose of resource allocation and assessment of performance, does not contain discrete operating segment financial information and the executive directors review the financial results of the Group as a whole.

Geographical information

The Group's operations are located in the Mainland China and Hong Kong.

Revenue from external customers are allocated based on the geographical areas in which the customers are located.

5. OPERATING SEGMENT INFORMATION *(continued)*

Geographical information *(continued)*

An analysis of the Group's revenue from external customers and non-current assets (excluding deferred tax assets and financial assets) by geographical location are as follows:

	Revenue from external customers Year ended		Non-current Assets As at	
	31/12/2024 RMB'000	31/12/2023 RMB'000	**31/12/2024 RMB'000**	31/12/2023 RMB'000
Mainland China	**698,113**	514,034	**19,733**	77,887
Hong Kong	**17,755**	20,269	**30,918**	50,415
	715,868	534,303	**50,651**	128,302

Information about major customers

Revenue from customers contributing over 10% of the Group's revenue is as follows:

Gross revenue from sales of FIT products

	2024 RMB'000	2023 RMB'000
Customer A	**–***	96,227

* Customer A did not contribute over 10% of the Group's revenue for the year ended 31 December 2024.

6. REVENUE, OTHER INCOME AND GAINS

Revenue represents the consideration to which the Group expects to be entitled in exchange for products and services sold during the year.

An analysis of revenue, other income and gains is as follows:

	2024 RMB'000	2023 RMB'000
Revenue		
Revenue from contracts with customers		
Sales of package tours — Domestic	289,075	183,936
Gross revenue from the sales of FIT products	397,529	314,251
Margin income from sales of FIT products	6,999	12,369
Information system development services	671	4,801
Sales of ancillary travel-related products and services	5,166	1,624
Sales of wines	–	2,791
Sales of health products	16,300	5,273
Sales of information technology products	–	1,460
	715,740	526,505
Revenue from other sources		
Finance lease income	128	7,798
	715,868	534,303
Other income		
Bank interest income	642	209
Government grants (note (3))	1,357	42
Rental income	400	897
Other interest income	172	280
Sundry income (note (4))	2,131	3,334
Compensation income on profit guarantee arrangement (note (5))	30,240	27,720
	34,942	32,482
Gains, net		
Foreign exchange gains, net	28	27
Changes in fair value of investment properties	5	119
Gain on disposal on property, plant and equipment	–	2,147
Realised gain on disposal of listed equity securities	–	4,033
	33	6,326
Total other income and gains	34,975	38,808

6. REVENUE, OTHER INCOME AND GAINS *(continued)*

Notes:

(1) The Group derives revenue from the transfer of products and services over time and at a point in time in the following major product lines:

	2024 RMB'000	2023 RMB'000
Timing of revenue recognition within the scope of HKFRS 15		
Over time:		
— Sales of package tours	**289,075**	183,936
— Information system development services	**671**	4,801
	289,746	188,737
At a point in time:		
— Gross revenue from the sales of FIT products	**397,529**	314,251
— Margin income from the sales of FIT products	**6,999**	12,369
— Sales of ancillary travel-related products and services	**5,166**	1,624
— Sales of wines	**–**	2,791
— Sales of health products	**16,300**	5,273
— Sales of information technology products	**–**	1,460
	425,994	337,768
	715,740	526,505

(2) Contract liabilities

	2024 RMB'000	2023 RMB'000
At 1 January	**102,210**	21,814
At 31 December*	**78,725**	102,210

* Included in "Advance from customers, others, other payables and accruals" in the consolidated statement of financial position.

(i) Significant changes in contract liabilities
Contract liabilities represent the obligations to transfer products and services to a counterparty for which the Group has received consideration. The changes in the contract liabilities are mainly attributable to the receipt of advances from customers and the recognition of revenue when fulfilling the performance obligations.

(ii) Revenue recognised in relation to contract liabilities
Revenue recognised during the year ended 31 December 2024 related to the contract liability balance at beginning of the year amounting to RMB98,427,000 (2023: RMB21,076,000).

(iii) Unsatisfied performance obligations
At 31 December 2024 and 2023, the remaining performance obligations (unsatisfied or partially unsatisfied) were expected to be recognised within one year. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied performance obligations is not disclosed.

(3) There are no unfulfilled conditions or contingences relating to the grants.

(4) In previous years, the Group had some unresolved legal case relating to contract dispute with suppliers. During the current year, the PRC courts ruled in favour of the Group and to the extent RMB826,000 (2023: RMB2,750,000) was refunded to the Group which was included in sundry income.

(5) During the current year, the Group recognised compensation income from profit guarantee arrangement in relation to the acquisition of subsidiaries in prior year, which amounted to RMB30,240,000 (2023: RMB27,720,000).

7. LOSS BEFORE INCOME TAX

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

	2024 RMB'000	2023 RMB'000
Cost of services provided	649,434	463,857
Depreciation of property, plant and equipment	11,155	10,380
Depreciation of right-of-use assets	5,127	5,710
Amortisation of intangible assets	1,051	524
Lease expenses relating to short-term leases	1,697	2,315
Auditor's remuneration		
— audit service	1,150	1,200
— non-audit service	150	150
Impairment of trade receivables (reversed)/recognised	(12,986)	17,757
Impairment of financial assets included in prepayments, deposits and other receivables recognised	57,829	1,125
Impairment of finance lease receivables recognised	5,580	96
Impairment loss of property, plant and equipment (note (1))	172	1,779
Fair value loss on listed equity securities (note (1))	–	4,838
Fair value loss on unlisted fund investments (note (1))	46	126
Realised loss/(gain) on listed equity securities (note (1))	247	(4,033)
Changes in fair value of investment properties	(5)	(119)
Written off of prepayments (note (1))	3,414	–
Loss on termination of lease (note (1))	31	–
Loss on disposal on associates (note (1))	1,171	–
Employee benefit expense (excluding directors' and the chief executive's remuneration):		
Wages and salaries	28,065	25,464
Pension scheme contributions (note (2))	3,386	3,019
Equity-settled share-based payments	633	–
Staff welfare expenses	1,514	59
	33,598	28,542

Notes:

(1) The above expenses are included in other expenses presented in the consolidated statement of profit or loss and other comprehensive income excluding gains on fair value changes on investment properties and listed equity securities presented in other income and gains.

(2) As at 31 December 2024, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years (2023: Nil).

8. FINANCE COSTS

	2024 RMB'000	2023 RMB'000
Interest on bank loans and other loan	**9,143**	10,177
Interest on bills payable	**282**	–
Interest on lease liabilities	**524**	655
Total interest expenses on financial liabilities not at fair value through profit or loss	**9,949**	10,832

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on the Stock Exchange, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2024 RMB'000	2023 RMB'000
Fees	**180**	144
Other emoluments:		
Salaries, allowances and benefits in kind	**842**	803
Equity-settled share-based payments	**138**	–
Pension scheme contributions	**15**	16
	1,175	963

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2024 RMB'000	2023 RMB'000
Mr. Li Huamin	**60**	48
Mr. Yi Ling (note (ii))	**40**	48
Ms. Yuan Shaoying (note (ii))	**20**	–
Ms. Zhao Caihong	**60**	48
	180	144

There were no other emoluments payable to the independent non-executive directors during the year (2023: Nil).

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION *(continued)*

(b) Non-executive director

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Equity settled share-based payments RMB'000	Pension scheme contributions RMB'000	Total RMB'000
2024					
Mr. Shen Yang	–	–	–	–	–
2023					
Mr. Shen Yang	–	–	–	–	–

(c) Executive directors

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Equity settled share-based payments RMB'000	Pension scheme contributions RMB'000	Total RMB'000
2024					
Executive directors:					
Mr. He Binfeng (note (i))	–	**369**	–	**4**	**373**
Mr. Xiong Di	–	**247**	–	**4**	**251**
Mr. Wu Bin	–	**160**	–	**4**	**164**
Mr. Huang Yu	–	**66**	**138**	**3**	**207**
Ms. Chen Huiling	–	–	–	–	–
	–	**842**	**138**	**15**	**995**
2023					
Executive directors:					
Mr. He Binfeng (note (i))	–	223	–	4	227
Mr. Xiong Di	–	291	–	4	295
Mr. Wu Bin	–	167	–	4	171
Mr. Huang Yu	–	122	–	4	126
Ms. Chen Huiling	–	–	–	–	–
	–	803	–	16	819

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION *(continued)*

(c) Executive directors *(continued)*

Notes:

(i) Mr. He Binfeng is also the chief executive of the Company.

(ii) On 26 August 2024, the board of directors of the Company approved the resignation of Mr. Yi Ling as an independent non-executive director, and appointed Ms. Yuan Shaoying as an independent non-executive director.

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2023: nil).

10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included one director (2023: Nil), which being the chief executive, details of whose remuneration are set out in note 9 above. Details of the remuneration for the year of the remaining four (2023: five) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2024 RMB'000	2023 RMB'000
Salaries, allowances and benefits in kind	**1,631**	1,901
Pension scheme contributions	**60**	77
	1,691	1,978

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following band is as follows:

	2024	2023
Nil to HK$1,000,000	**4**	5

During the years ended 31 December 2024 and 2023, no emoluments were paid by the Group to the directors or the five highest paid individuals of the Group as an inducements to join or upon joining the Group or as compensation for loss of office.

11. INCOME TAX EXPENSES

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which the members of the Group are domiciled and operate.

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and British Virgin Islands.

11. INCOME TAX EXPENSES *(continued)*

Pursuant to the relevant tax law of the Hong Kong Special Administrative Region, Hong Kong profits tax has been provided at the rate of 16.5% (2023: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. No provision for income tax has been made as the Group did not generate any assessable profits in Hong Kong during the year (2023: Nil).

During the year, except for one subsidiary of the Group which was entitled to a preferential income tax rate of 20% (2023: 20%) for small and micro enterprises with the first RMB1.0 million of annual taxable income eligible for a 75% tax reduction and the income between RMB1.0 million and RMB3.0 million eligible for a 50% tax reduction, the provision for Mainland China current income tax is based on the statutory rate of 25% (2023: 25%) of the assessable profits of the subsidiaries of Mainland China as determined in accordance with the Corporate Income Tax Law.

The income tax expenses of the Group is analysed as follows:

	2024 RMB'000	2023 RMB'000
Provided for the year — Mainland China	**–**	1,745
Under-provided in prior year — Mainland China	**341**	–
Deferred tax charged/(credited)	**24**	(20)
	365	1,725

A reconciliation of the income tax expenses applicable to loss before income tax at the statutory rate in Mainland China to the tax expense at the effective tax rate are as follows:

	2024 RMB'000	2023 RMB'000
Loss before tax	**(54,465)**	(9,840)
Tax at the statutory tax rate of 25% in Mainland China	**(13,616)**	(2,460)
Lower tax rates enacted by local tax authorities	**2,638**	1,483
Expenses not deductible for tax	**12,731**	908
Income not subject to tax	**(8,300)**	(758)
Losses attributable to associates	**22**	407
Tax losses utilised from previous periods	**(96)**	(777)
Temporary differences and tax losses not recognised	**6,645**	2,922
Tax under-provided in prior year	**341**	–
Tax charge at the Group's effective tax rate	**365**	1,725

12. DIVIDENDS

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

13. LOSS PER SHARE

(a) Basic loss per share

The calculation of the basic loss per share attributable to owners of the Company is based on following data:

	2024	2023
Loss for the purpose of basic loss per share		
Loss for the year attributable to owners of the Company (in RMB'000)	**(42,046)**	(9,575)
Number of shares for the purpose of basic loss per share		
Weighted average number of ordinary shares in issue during the year ('000)	**832,000**	815,605
Basic loss per share (in RMB cent)	**(5.05)**	(1.17)

(b) Diluted loss per share

No diluted loss per share for the year ended 31 December 2024 is presented as the effects arising from exercise of the Company's share options granted are anti-dilutive.

No diluted loss per share for the year ended 31 December 2023 is presented as there was no potential ordinary shares in issue for the year.

14. PROPERTY, PLANT AND EQUIPMENT

	Computer and office equipment RMB'000	Motor vehicles and yacht RMB'000	Leasehold improvements RMB'000	Total RMB'000
31 December 2024				
At 1 January 2024:				
Cost	**42,298**	**9,017**	**15,777**	**67,092**
Accumulated depreciation	**(12,969)**	**(5,138)**	**(9,793)**	**(27,900)**
Carrying amount	**29,329**	**3,879**	**5,984**	**39,192**
At 1 January 2024, carrying amount	**29,329**	**3,879**	**5,984**	**39,192**
Additions	**303**	**600**	**188**	**1,091**
Depreciation provided during the year	**(8,239)**	**(1,163)**	**(1,753)**	**(11,155)**
Impairment loss recognised in profit or loss	**(172)**	**–**	**–**	**(172)**
Exchange realignment	**519**	**(71)**	**–**	**448**
At 31 December 2024, carrying amount	**21,740**	**3,245**	**4,419**	**29,404**
At 31 December 2024:				
Cost	**43,470**	**9,735**	**15,965**	**69,170**
Accumulated depreciation and impairment	**(21,730)**	**(6,490)**	**(11,546)**	**(39,766)**
Carrying amount	**21,740**	**3,245**	**4,419**	**29,404**
31 December 2023				
At 1 January 2023:				
Cost	38,221	8,033	15,777	62,031
Accumulated depreciation	(7,596)	(2,257)	(8,019)	(17,872)
Carrying amount	30,625	5,776	7,758	44,159
At 1 January 2023, carrying amount	30,625	5,776	7,758	44,159
Additions	13,748	912	–	14,660
Transferred to cost of sales	(7,949)	–	–	(7,949)
Depreciation provided during the year	(7,523)	(1,083)	(1,774)	(10,380)
Impairment loss recognised in profit or loss	–	(1,779)	–	(1,779)
Exchange realignment	428	53	–	481
At 31 December 2023, carrying amount	29,329	3,879	5,984	39,192
At 31 December 2023:				
Cost	42,298	9,017	15,777	67,092
Accumulated depreciation and impairment	(12,969)	(5,138)	(9,793)	(27,900)
Carrying amount	29,329	3,879	5,984	39,192

Note:

As at 31 December 2024, the Group's management conducted an impairment assessment of items of property, plant and equipment and estimated the corresponding recoverable amount. Based on these estimates, an impairment loss of the computer equipment and yacht of RMB172,000 and RMBNil (2023: RMBNil and RMB1,779,000) was recognised to write down the carrying amounts of the computer equipment and yacht to their recoverable amount. The recoverable amount of the items of property, plant and equipment have been determined based on their fair value less costs of disposal. The Group uses direct comparison to estimate the fair value less costs of disposal of the assets which is based on the recent transaction prices for similar assets for nature and conditions of computer equipment. The fair value measurement is categorised into Level 2 fair value hierarchy. There were no transfers into or out of Level 3 during the year.

15. INVESTMENT PROPERTIES

	2024 RMB'000	2023 RMB'000
Carrying amount at 1 January	**6,586**	6,467
Increased in fair value recognised in profit or loss	**5**	119
Carrying amount at 31 December	**6,591**	6,586

The Group's investment properties consist of office units located in Mainland China held to earn rentals.

The Group's investment properties were pledged to secure general banking facilities granted to the Group (note 28).

As at 31 December 2024 and 2023, the Group's investment properties were revalued based on valuations performed by Ningbo Gongping Real Estate Land Valuation Advisory Limited (寧波公評資產評估有限公司), an independent professionally qualified valuer.

Fair value hierarchy

The recurring fair value measurement hierarchy of the Group's investment properties is under Level 3 as the valuation requires significant unobservable inputs.

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2023: Nil).

Set out below is a summary of the key inputs to the "Income method" valuation technique of investment properties:

At 31 December 2024:

Significant unobservable input	Rates of unobservable inputs
Estimated rental value	**RMB71.9 per square metre per month**
Discount rate	**4.1%**

15. INVESTMENT PROPERTIES *(continued)*

Fair value hierarchy *(continued)*

At 31 December 2023:

Significant unobservable input	Rates of unobservable inputs
Estimated rental value	RMB71.3 per square metre per month
Discount rate	5.23%

Estimated rental value are estimated based on the independent valuer's view of recent renting transactions within the subject properties and other comparable properties. A significant increase/(decrease) in the estimated rental value in isolation would result in a significant increase/(decrease) in the fair value of the investment properties. A significant increase/(decrease) in the discount rate in isolation would result in a significant decrease/(increase) in the fair value of the investment properties. Generally, a change in the assumption made for the estimated rental value is accompanied by a directionally similar change in the term yield.

16. LEASES

The Group as a lessee

The Group has lease contracts for various items of office units and a motor vehicle used in its operations. Leases of office units generally have lease terms between 2 to 10 years. Other office units generally have lease terms of 12 months or less. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

The carrying amount of the Group's right-of-use assets and the movements during the year are as follows:

	Office units RMB'000
As at 1 January 2023	14,205
Additions	2,963
Depreciation charges	(5,710)
Exchange realignment	58
As at 31 December 2023 and 1 January 2024	11,516
Additions	**1,815**
Depreciation charges	**(5,127)**
Termination of lease	**(438)**
Exchange realignment	**48**
As at 31 December 2024	**7,814**

16. LEASES *(continued)*

The Group as a lessee *(continued)*

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	2024 RMB'000	2023 RMB'000
As at 1 January	13,042	15,649
New leases	1,805	2,963
Accretion of interest recognised during the year	524	655
Termination of lease	(407)	–
Payments	(5,767)	(6,281)
Exchange realignment	47	56
As at 31 December	9,244	13,042
Analysed into:		
Current portion	4,543	5,086
Non-current portion	4,701	7,956
	9,244	13,042

(c) The amounts recognised in consolidated statement of profit or loss in relation to leases are as follows:

	2024 RMB'000	2023 RMB'000
Interest on lease liabilities	524	655
Depreciation charge of right-of-use assets	5,127	5,710
Loss on termination of lease	31	–
Expense relating to short-term leases	1,697	2,315
Total amount recognised in consolidated statement of profit or loss	7,379	8,680

16. LEASES *(continued)*

The Group as a lessor

The Group leased its investment properties to a third party under operating leases during the year. Rental income recognised by the Group during the year was RMB400,000 (2023: RMB388,000).

At 31 December 2024, the Group had total undiscounted minimum lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants falling due are as follows:

	2024 RMB'000	2023 RMB'000
Within one year	**400**	389
After one year but within two years	**400**	389
After two year but within three years	**412**	389
After three year but within four years	**412**	389
Over four years	**824**	973
	2,448	2,529

17. INTANGIBLE ASSETS

Softwares

	2024 RMB'000	2023 RMB'000
Cost at beginning of year, net of accumulated amortisation	**2,607**	8
Additions	**–**	3,106
Amortisation provided during the year	**(1,051)**	(524)
Exchange realignment	**42**	17
At end of year	**1,598**	2,607
At end of year:		
Cost	**3,291**	3,222
Accumulated amortisation	**(1,693)**	(615)
Carrying amount	**1,598**	2,607

18. INVESTMENTS IN ASSOCIATES

	2024 RMB'000	2023 RMB'000
Share of net assets	**1,076**	56,166

Particulars of the material associates are as follows:

Name	Particulars of issued shares held	Place of incorporation/ registration and business	Percentage of ownership interest attributable to the Group 2024	2023	Principal activities
Ningbo Yinjiang Feiyang Cultural Tourism Development Co., Ltd. 寧波鄞江飛揚文旅開發有限公司 (Note (i))	Ordinary shares	PRC/Mainland China	**–**	19%	Tourism development
Zhejiang Ninglv Feiyang Cultural Tourism Development Co., Ltd. 浙江甯旅飛揚文旅發展有限公司	Ordinary shares	PRC/Mainland China	**26.01%**	51%	Tourism development
Zhejiang Yangkai Intelligent Technology Co., Ltd. (Note (ii)) 浙江揚凱智慧科技有限公司	Ordinary shares	PRC/Mainland China	**–**	40%	Information Technology Services
Techtown Innovation Limited 科城創新有限公司	Issued ordinary share capital	Hong Kong	**24%**	24%	Inactive
Xinjiang Culture and Tourism Tianhe Aviation Services Co., Ltd 新疆文旅天和航空服務有限公司	Ordinary	PRC/Mainland China	**24.6%**	–	Tourism development
Anhui Feiyang Aviation Operations Development Co., Ltd 安徽飛揚航空運營發展有限公司	Ordinary	PRC/Mainland China	**30%**	–	Tourism development

Notes:

(i) Ningbo Yinjiang Feiyang Cultural Tourism Development Co., Ltd, an associate of the Group was deregistered on 19 August 2024.

(ii) Zhejiang Yangkai Intelligent Technology Co., Ltd., an associate of the Group was disposed on 3rd July 2024.

18. INVESTMENTS IN ASSOCIATES *(continued)*

Ningbo Yinjiang Feiyang Cultural Tourism Development Co., Ltd., which is considered a material associate of the Group in 2023, is a strategic partner of the Group engaged in the development of tourist attractions and is accounted for using the equity method because the Group has significant influence over the entity by way of representation on the board of directors and participation in the policy-making process upon the date of deregistered of the associate.

The following table illustrates the summarised financial information in respect of Ningbo Yinjiang Feiyang Cultural Tourism Development Co., Ltd. adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

	2023 RMB'000
Current assets	294,785
Net assets	294,785
Reconciliation to the Group's interest in the associate:	
Proportion of the Group's ownership	19%
Group's share of net assets of the associate	56,009
Carrying amount of the investment	56,009
Profit for the year	796
Total comprehensive income for the year	796

Zhejiang Ninglv Feiyang Cultural Tourism Development Co., Ltd., which is considered a material associate of the Group in 2023, is a strategic partner of the Group engaged in the development of tourist attractions and is accounted for using the equity method. The Group has no power to control financial and operating policy decisions of the entity but only significant influence over the entity, for the reason that the Group's representation on the board of directors is less than a majority.

19. INTERESTS IN JOINT VENTURES

	2024 RMB'000	2023 RMB'000
Investment in joint ventures under equity method	**464**	454

Details of each of the Group's material joint ventures at the end of the reporting period are as follows:

Name	Place of incorporation/ registration	Principal place of business	Proportion of ownership interests and voting right held by the Group 2024	Proportion of ownership interests and voting right held by the Group 2023	Principal activities
Feiyang Shinto Innovation Investment Management Limited 飛揚新都創新投資管理有限公司	Hong Kong	Hong Kong	**50%**	50%	Inactive
Feiyang House Company Limited 飛揚之家有限公司	Hong Kong	Hong Kong	**50%**	50%	Inactive

20. INVENTORIES

	2024 RMB'000	2023 RMB'000
Finished goods	**4,543**	5,250

21. TRADE RECEIVABLES

	2024 RMB'000	2023 RMB'000
Trade receivables, gross amount	**155,796**	281,205
Less: impairment losses recognised	**(67,148)**	(80,134)
	88,648	201,071

The credit terms granted by the Group are generally up to two months, extending up to one year for certain customers. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancement over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables, gross amount as at the end of the reporting period, based on the invoice date, is as follows:

	2024 RMB'000	2023 RMB'000
1 to 60 days	**67,448**	104,805
61 to 180 days	**543**	100,315
181 to 365 days	**17,070**	9,061
1 to 2 years	**5,590**	9,281
Over 2 years	**65,145**	57,743
	155,796	281,205

The movements in provision for impairment of trade receivables are as follows:

	2024 RMB'000	2023 RMB'000
At beginning of year	**80,134**	62,377
Impairment losses (reversed)/recognised	**(12,986)**	17,757
At end of year	**67,148**	80,134

21. TRADE RECEIVABLES *(continued)*

The Group has applied the simplified approach to provide for expected credit losses, which permits the use of the lifetime expected loss provision for all trade receivables. The Group overall considers the credit risk characteristics and the days past due of each type of trade receivables to measure the expected credit losses. The Group considers the historical loss rate and adjusts for forward-looking macroeconomic data in calculating the expected credit loss rate. The expected losses were determined according to the provision matrix as follows:

	As at 31 December 2024		
	Amount RMB'000	**Expected loss rate**	**Expected credit losses RMB'000**
Trade receivables aged:			
Less than 1 year	**85,061**	**1.81%**	**1,543**
Between 1 and 2 years	**5,590**	**8.23%**	**460**
Over 2 years	**65,145**	**100%**	**65,145**
	155,796		**67,148**

	As at 31 December 2023		
	Amount RMB'000	Expected loss rate	Expected credit losses RMB'000
Trade receivables aged:			
Less than 1 year	214,181	8.97%	19,204
Between 1 and 2 years	9,281	34.34%	3,187
Over 2 years	57,743	100%	57,743
	281,205		80,134

As at 31 December 2024, RMB3,524,000 (2023: RMB735,000) of the Group's trade receivables was pledged to secure bank loans granted to the Group (note 28).

22. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2024 RMB'000	2023 RMB'000
Prepayments	**125,735**	67,888
Deposits and other receivables	**224,757**	168,097
Less: impairment losses recognised	**(136,820)**	(78,991)
	87,937	89,106
Total	**213,672**	156,994
Analysed for reporting as:		
Non-current assets	**18,024**	473
Current assets	**195,648**	156,521
	213,672	156,994

Provision for impairment on other receivables is measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses. In assessing the expected credit loss of deposits and other receivables, management considers various factors such as the ageing of the balances, existence of disputes, recent historical payment patterns, any other available information concerning the creditworthiness of counterparties and forward-looking information. Management uses this information to determine whether a provision for impairment is required either for a specific counterparty or for certain counterparties' balances that have similar loss patterns overall.

Other receivables are unsecured and non-interest-bearing. For rental deposits and deposits to air ticket suppliers included in "deposits and other receivables", the balances are repayable according to the terms of the deposit contracts. Except for the rental deposits and deposits to air ticket suppliers, the other receivables are repayable on demand. As at 31 December 2024, the loss allowance was assessed to be RMB136,820,000 (2023: RMB78,991,000).

22. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES *(continued)*

The movements in gross carrying amounts for deposits and other receivables and interest receivables are as follows:

	12-month ECLs	Lifetime ECLs		
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000
At 1 January 2023	61,243	62,971	64,848	189,062
Transfer to stage 2	(1,053)	1,053	–	–
Transfer to stage 3	(100)	(516)	616	–
Addition	62,717	1,853	505	65,075
Derecognised	(56,288)	(28,911)	(841)	(86,040)
Amount written off as uncollectible	–	–	–	–
At 31 December 2023 and 1 January 2024	**66,519**	**36,450**	**65,128**	**168,097**
Transfer to stage 2	**–**	**–**	**–**	**–**
Transfer to stage 3	**(286)**	**(1,081)**	**1,367**	**–**
Addition	**36,674**	**30**	**52,998**	**89,702**
Derecognised	**(17,982)**	**(12,258)**	**(2,802)**	**(33,042)**
At 31 December 2024	**84,925**	**23,141**	**116,691**	**224,757**

The movements in provision for impairment of deposits and other receivables and interest receivables are as follows:

	12-month ECLs	Lifetime ECLs		
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000
At 1 January 2023	1,468	14,580	61,818	77,866
Impairment loss (reversed)/recognised, net	(165)	1,111	179	1,125
At 31 December 2023 and 1 January 2024	**1,303**	**15,691**	**61,997**	**78,991**
Impairment loss (reversed)/recognised, net	**1,324**	**5,866**	**50,639**	**57,829**
At 31 December 2024	**2,627**	**21,557**	**112,636**	**136,820**

23. FINANCE LEASE RECEIVABLES

	2024 RMB'000	2023 RMB'000
Minimum finance lease receivables		
— Within one year	2,109	2,024
— In the second year	2,172	2,084
— In the third year	1,855	2,147
— In the fourth year	–	1,089
Gross amount of finance lease receivables	6,136	7,344
Less: Unearned finance lease income	(256)	(378)
Present value of minimum finance lease receivables	5,880	6,966
Less: Loss allowance	(5,676)	(96)
Carrying amount of finance lease receivables	204	6,870

	2024 RMB'000	2023 RMB'000
Present value of minimum finance lease receivables		
— Within one year	1,963	1,842
— In the second year	2,086	1,961
— In the third year	1,831	2,083
— In the fourth year	–	1,080
Carrying amount of finance lease receivables	5,880	6,966

	2024 RMB'000	2023 RMB'000
Analysed as:		
Non-current	166	4,874
Current	38	1,996
	204	6,870

The Group entered into finance lease arrangement with leased assets for certain computer equipment. The finance leases of the Company and its subsidiaries are denominated in HK$. The terms of finance leases entered into of four years. Finance lease receivables are secured over the assets leased. The Group is not permitted to sell or repledge the collateral in the absence of default by lessee.

The interest rates of finance lease receivables were applied 3% per annum and were adjusted periodically with reference to the market interest rate.

The Group has applied the general approach to provide the expected credit loss which measured at an amount equal to lifetime expected credit losses for the credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets. Loss allowance amounted to RMB5,676,000 (2023: RMB96,000) was recognised in the consolidated statement of financial position.

24. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 RMB'000	2023 RMB'000
Listed equity securities (Note (a))	3	2,111
Unlisted fund investments (Note (b))	337	383
	340	2,494

Note:

(a) The investments held-for-trading comprised equity securities listed in Hong Kong. As at 31 December 2024, carrying amount of approximately HK$4,000 (2023: HK$17,000) were traded in active markets and their fair values are determined based on the quoted market bid prices available on the respective stock exchanges in Hong Kong. The carrying amount of approximately Nil (2023: HK$2,312,000) was suspended trading listed equity securities for the end of the reporting period which were measured at fair value with reference to valuation carried out by an independent qualified professional valuer, details of the fair value measurements are disclosed in Note 38 to the consolidated financial statements.

(b) The unlisted fund investment classified as financial assets at fair value through profit or loss represents investment in a fund which is managed by a bank in the PRC. This investment fund provides the unguaranteed expected floating returns and may be realised in cash one day after instruction is given to the bank.

25. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	2024 RMB'000	2023 RMB'000
Cash and bank balances	36,688	56,500
Pledged deposits	3,042	3,042
	39,730	59,542
Less: Pledged deposits:		
Pledged for letters of performance guarantee	(3,000)	(3,000)
Pledged for service quality*	(42)	(42)
Cash and cash equivalents	36,688	56,500
Denominated in:		
RMB	35,601	37,306
HKD	1,086	19,194
USD	1	–
Cash and cash equivalents	36,688	56,500

* A guarantee deposit for the Group's tourism operation as required by the PRC government

25. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS *(continued)*

The RMB is not freely convertible into other currencies. However, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business. The remittance of funds out of Mainland China is subject to exchange restrictions imposed by the PRC government.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Time deposits are made for varying periods of between one day and thirty-six months, and earn interest at the respective time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

The carrying amounts of the cash and cash equivalents approximate to their fair values.

26. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2024 **RMB'000**	2023 RMB'000
1 to 60 days	**19,198**	125,137
61 to 180 days	**10,925**	12,756
181 to 365 days	**301**	187
Over 1 year	**3,392**	1,800
	33,816	139,880

Trade payables are non-interest-bearing and are normally settled on 60-day terms.

27. CONTRACT LIABILITIES, OTHER PAYABLES AND ACCRUALS

	2024 RMB'000	2023 RMB'000
Contract liabilities	**78,725**	102,210
Payroll payables	**10,026**	9,530
Tax payable other than corporate income tax	**–**	1,330
Accruals	**3,645**	2,841
Other payables	**15,308**	16,936
	107,704	132,847

Other payables are non-interest-bearing and repayable on demand.

Contract liabilities of the Group, which are expected to be settled within the Group's normal operating cycle, are classified as current.

28. INTEREST-BEARING BANK AND OTHER BORROWINGS

	Effective interest rate (%)	Maturity	2024 RMB'000	2023 RMB'000
Current				
Bank loans — secured	3.00–6.80	2025	**197,460**	–
Bank loans — secured	3.50–5.60	2024	**–**	194,857
			197,460	194,857

Notes:

(a) The Group's bank loans are secured by (i) mortgages over the Group's investment properties situated in Mainland China with a net carrying amount of RMB6,591,000 (2023: RMB6,586,000) (note 15) and (ii) the pledged of the Group's trade receivables amounted to HK$3,524,000 (2023: RMB735,000) (note 21).

(b) During the year ended 31 December 2024, the Controlling Shareholders have jointly guaranteed certain of the Group's banking facilities of up to RMB207,460,000 (2023: RMB249,000,000).

(c) Mr. Zhang Dayi, the director of subsidiaries, and Ms. Zhang Xiaoshan, the spouse of Mr. Zhang Dayi, have jointly guaranteed certain of the Group's banking facilities of up to RMB49,000,000 as at 31 December 2024 (2023: RMB46,000,000).

29. DEFERRED TAX

The movements in deferred tax assets and deferred tax liabilities during the year are as follows:

2024

Deferred tax assets

	Lease liabilities RMB'000
At 1 January 2024	3,260
Deferred tax charged to profit or loss during the year (note 11)	(950)
Gross deferred tax assets at 31 December 2024	2,310

Deferred tax liabilities

	Right-of-use assets RMB'000
At 1 January 2024	2,879
Deferred tax credited to profit or loss during the year (note 11)	(926)
Gross deferred tax liabilities at 31 December 2024	1,953

29. DEFERRED TAX *(continued)*

2023

Deferred tax assets

	Lease liabilities RMB'000
At 1 January 2023	3,912
Deferred tax charged to profit or loss during the year (note 11)	(652)
Gross deferred tax assets at 31 December 2023	3,260

Deferred tax liabilities

	Right-of-use assets RMB'000
At 1 January 2023	3,551
Deferred tax credited to profit or loss during the year (note 11)	(672)
Gross deferred tax liabilities at 31 December 2023	2,879

For presentation purposes, certain deferred tax assets and liabilities have been offset in the consolidated statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2024 RMB'000	2023 RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	–	381

29. DEFERRED TAX *(continued)*

Deferred tax liabilities *(continued)*

Deferred tax assets have not been recognised in respect of the following items:

	2024 RMB'000	2023 RMB'000
Tax losses	**58,700**	44,498
Deductible temporary differences	**50,109**	52,208
	108,809	96,706

The Group has tax losses arising in Mainland China of RMB43,394,000 (2023: RMB35,513,000) that will expire in one to five years for offsetting against future taxable profits.

The Group has tax losses arising in Hong Kong of RMB15,306,000 (2023: RMB8,985,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose.

Deferred tax assets have not been recognised in respect of the above items as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the above items can be utilised.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

There were no significant unrecognised deferred tax liabilities ("DTL") would be payable on unremitted earnings of the Group's subsidiaries and associates established in Mainland China at the end of the reporting periods.

30. SHARE CAPITAL

Shares

	2024 **RMB'000**	2023 RMB'000
Issued and fully paid:		
832,000,000 (2023: 800,000,000) ordinary shares of HKD0.01 each	**7,145**	7,145

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	**Issued capital** RMB'000	**Share premium** RMB'000
Issued and fully paid:			
At 1 January 2023	800,000,000	6,850	229,960
Placing of shares (note)	32,000,000	295	35,374
At 31 December 2023, 1 January 2024 and 31 December 2024	832,000,000	7,145	265,334

Note:

On 7 July 2023, pursuant to the general mandate granted to the directors by the shareholders at the annual general meeting of the Company held on 21 June 2023, an aggregate of 32,000,000 shares were placed to the placees at the price of HK$1.25 per share.

31. RESERVES

The amounts of the Group's reserves and the movements therein for the year are presented in the consolidated statement of changes in equity of the Group.

Capital reserve

The capital reserve of the Group represents the aggregate paid-up capital of the subsidiaries comprising the Group.

Share premium

The application of the share premium account is governed by the Companies Law of the Cayman Islands. Under the constitutional documents and the Companies Law of the Cayman Islands, the share premium is distributable as dividend on condition that the Company is able to pay its debts when they fall due in the ordinary course of business at the time the proposed dividend is to be paid.

Statutory surplus reserves

In accordance with the Company Law of the PRC, certain subsidiaries of the Group which are domestic enterprises are required to allocate 10% of their profit after tax, as determined in accordance with the relevant PRC accounting standards, to their respective statutory surplus reserves until the reserves reach 50% of their respective registered capital. Subject to certain restrictions set out in the Company Law of the PRC, part of the statutory surplus reserves may be converted to increase share capital, provided that the remaining balance after the capitalisation is not less than 25% of the registered capital.

32. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

The Group had non-cash additions to right-of-use assets and lease liabilities of RMB1,815,000 (2023: RMB2,963,000) and RMB1,805,000 (2023: RMB2,963,000), respectively, in respect of lease arrangements for office units.

32. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(continued)*

(b) Changes in liabilities arising from financing activities

2024

	Lease liabilities RMB'000	Interest-bearing bank and other borrowings RMB'000
At 1 January 2024	13,042	194,857
Changes from financing cash flows	(5,767)	(6,540)
New lease	1,805	–
Termination of lease	(407)	–
Interest expenses	524	9,143
Exchange realignment	47	–
At 31 December 2024	9,244	197,460

2023

	Lease liabilities RMB'000	Interest-bearing bank and other borrowings RMB'000
At 1 January 2023	15,649	198,655
Changes from financing cash flows	(6,281)	(13,975)
New lease	2,963	–
Interest expenses	655	10,177
Exchange realignment	56	–
At 31 December 2023	13,042	194,857

(c) The total cash outflow for leases included in the statement of cash flows is as follows:

	2024 RMB'000	2023 RMB'000
Within operating activities	1,697	2,315
Within financing activities	6,291	6,936
	7,988	9,251

33. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiaries that has material non-controlling interests are set out below:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests 2024	Proportion of ownership interests and voting rights held by non-controlling interests 2023	Profit/(loss) allocated to non-controlling interests 2024 RMB'000	Profit/(loss) allocated to non-controlling interests 2023 RMB'000	Accumulated non-controlling interests 2024 RMB'000	Accumulated non-controlling interests 2023 RMB'000
Feiyang Metaverse	Hong Kong	**20%**	20%	**(3,371)**	(480)	**670**	4,041
Hainan Zhenlv	The PRC	**40%**	40%	**4,381**	(1,932)	**2,855**	(1,526)
Zhejiang Feijiada	The PRC	**40%**	40%	**(10,560)**	(188)	**(10,748)**	(188)

	Zhejiang Feijiada		Feiyang Metaverse		Hainan Zhenlv	
	2024	2023	**2024**	2023	**2024**	2023
Percentage of equity of interest held by non-controlling interest	**40%**	40%	**20%**	20%	**40%**	40%

	Zhejiang Feijiada		Feiyang Metaverse		Hainan Zhenlv	
	2024 RMB'000	2023 RMB'000	**2024 RMB'000**	2023 RMB'000	**2024 RMB'000**	2023 RMB'000
Total comprehensive (losses)/income allocated to non-controlling interests	**(10,560)**	(188)	**(3,371)**	(480)	**4,381**	(1,932)
Accumulated balances of non-controlling interests at the reporting date	**(10,748)**	(188)	**670**	4,041	**2,855**	(1,526)

33. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS *(continued)*

	Zhejiang Feijiada		Feiyang Metaverse		Hainan Zhenlv	
	2024 RMB'000	2023 RMB'000	**2024 RMB'000**	2023 RMB'000	**2024 RMB'000**	2023 RMB'000
Revenue	**67,913**	124,422	**619**	13,840	**75,793**	314,251
Total expenses, net	**(319,082)**	(124,893)	**(17,625)**	(16,551)	**(64,840)**	(319,082)
(Loss)/profit for the year	**(26,397)**	(471)	**(17,006)**	(2,711)	**10,953**	(4,831)
Total comprehensive (loss)/ income for the year	**(26,397)**	(471)	**(16,856)**	(2,400)	**10,953**	(4,831)
Non-current assets	**–**	–	**22,318**	42,931	**561**	–
Current assets	**13,538**	14,493	**13,569**	18,009	**20,440**	115,605
Current liabilities	**(12,688)**	(13,478)	**(41,557)**	(40,733)	**(13,862)**	(119,420)
Net cash flows (used in)/ generated from operating activities	**30**	(27,702)	**1,165**	(9,712)	**2,847**	(6,408)
Net cash flows generated from/(used in) investing activities	**–**	–	**–**	9,066	**(1,230)**	–
Net cash flows generated from/(used in) financing activities	**–**	27,720	**–**	–	**–**	6,304
Net (decrease)/increase in cash and cash equivalent	**30**	18	**1,165**	(646)	**1,617**	(104)

34. SHARE OPTION SCHEME

The Company adopted a share option scheme (the "Share Option Scheme") on 11 June 2019. The following is a summary of the principal terms and conditions of the Share Option Scheme.

Purpose of the Scheme

The purpose of the Share Option Scheme is to provide incentives or rewards to Participants for their contribution to our Group and to enable our Group to recruit and retain high-calibre employees and attract human resources that are valuable to our Group and any entity in which our Group holds any equity interest.

Participants of the Scheme

The basis of eligibility of participants to the grant of any options shall be determined by our Directors from time to time on the basis of their contribution to the development and growth of our Group and any Invested Entity.

Total number of shares available for issue under the Scheme and percentage of the issued share capital at the date of the annual report

The total number of shares in respect of which options may be granted under the share option scheme and any other share option schemes of our Company shall not exceed 10% of the total number of Shares in issue.

Maximum entitlement of each participant under the Scheme

The Company may seek approval of the shareholders in general meeting for refreshing the 10% such that the total number of shares in respect of which options may be granted under the share option scheme and any other share option schemes of the Company (or any subsidiary) as "refreshed" shall not exceed 10% of the total number of Shares in issue as at the date of the approval of the shareholders provided that options previously granted under the Share Option Scheme or any other share option schemes of our Company (including options outstanding, cancelled, lapsed or exercised in accordance with the terms of the share option scheme or any other share option schemes of our Company) will not be counted for the purpose of calculating the limit as "refreshed".

The period within which the shares must be taken up under an option

The share option scheme shall be valid and effective for a period of ten years, after which period no further options will be granted but the provisions of the share option scheme shall remain in full force and effect in all other respects. options complying with the provisions of the Listing Rules which are granted during the duration of the share option scheme and remain unexercised immediately prior to the end of the ten-year period shall continue to be exercisable in accordance with their terms of grant within the option period for which such option are granted, notwithstanding the expiry of the share option scheme.

34. SHARE OPTION SCHEME *(continued)*

The minimum period for which an option must be held before it can be Exercised

The board of directors at its discretion, may specify the offer of grant of option the minimum period for which an option must be held before it can be exercised.

The amount payable on application or acceptance of the option and the period within which payments or calls must or may be made or loans for such purposes must be repaid

An offer shall remain open for acceptance by the participant concerned for a period of 21 days from the date of the offer. HK$1.00 is payable by the Grantee to our Company on acceptance of the offer of the option.

The basis of determining the subscription price

The subscription price in respect of any particular option shall be such price as determined by the board of director in its absolute discretion at the time of the grant of the relevant option but in any case the subscription price shall not be lower than the highest of:

(a) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheet on the date of grant, which must be a trading day;

(b) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of grant; and

(c) the nominal value of a Share, provided that for the purpose of calculating the Subscription Price where the Shares have been listed on the Stock Exchange for less than five trading days preceding the date of grant, the issue price of the Shares in connection with such listing shall be deemed to be the closing price of the Shares for each trading day falling within the period before the listing of the Shares on the Stock Exchange.

	Outstanding at 1/1/2024	Granted during the year	Exercise during the year	Forfeited during the year	Expired during the year	Outstanding at 31/12/2024
Director:						
Mr. Huang Yu	–	6,400,000	–	–	–	6,400,000
6 employees	–	43,600,000	–	–	–	43,600,000
Total	–	50,000,000	–	–	–	50,000,000

Details of specific categories of options are as follows,

Date of grant	Vesting period	Exercise period	Exercise Price
8 October 2024	The Share options shall be vested on the day of fulfillment of the performance target by the Grantees to be appraised and confirmed by the Board.	Subject to the terms of the Share Option Scheme, the Share Options shall be exercisable in whole or in part until the close of business on the Business Day immediately preceding the tenth anniversary of the share option scheme	HK$0.1 per Share

34. SHARE OPTION SCHEME *(continued)*

These fair values were calculated using the Binomial model. The inputs into the model were as follows:

	2024
Weighted average share price	HK$0.098
Exercise price	HK$0.1
Expected volatility	63.46%
Expected life	4.67
Risk-free rate	2.884%
Expected dividend yield	0.00%

The Group recognised the total expense of RMB771,000 for the year ended 31 December 2024 (2023: RMBNil) in relation to share options granted by the Company.

35. COMMITMENTS

The Group had the following capital commitments and capital expenditure at the end of the reporting period:

	2024 RMB'000	2023 RMB'000
Contracted, but not provided for:		
Machinery	**–**	8,159
Acquisition for investment projects	**45,732**	44,858
Wine	**6,945**	–
Sales consulting services	**926**	–
Development cost	**959**	–
	54,562	53,017

36. RELATED PARTY TRANSACTIONS

The Group's principal related parties are as follows:

Name	**Relationship with the Company**
Ningbo Haishu Feiyang Investment Management Partnership (Limited Partnership) ("Haishu Feiyang")	An entity controlled by the Controlling Shareholders
Ningbo Feiyang Commercial Operation Management Co., Ltd. ("Feiyang Commercial")	An entity controlled by the Controlling Shareholders

Carnary Investment Holdings Limited ("Carnary Investment"), HHR Group Holdings Limited ("HHR Group"), Michael Group Holdings Limited ("Michael Group"), KVN Holdings Limited ("KVN Holdings"), DY Holdings Limited ("DY Holdings"), QJ Holdings Limited ("QJ Holdings"), LD Group Holdings Limited ("LD Group"), WB Holdings Group Limited ("WB Holdings"), QZ Holdings Limited ("QZ Holdings"), and CXD Holdings Limited ("CXD Holdings") are shareholders of the Company.

Ningbo Feiyang Youpin Ecological Food Co., Ltd. ("Feiyang Youpin")	An entity controlled by the non-executive director
Hong Kong Shang Yin Group Company Ltd. ("HK Shang Yin Group")	An entity controlled by the Controlling Shareholders

36. RELATED PARTY TRANSACTIONS *(continued)*

(a) The Group had the following transactions with related parties during the year:

	2024 RMB'000	2023 RMB'000
Loans to related parties:		
Haishu Feiyang	**49**	1,753
Feiyang Commercial	**50**	100
Loans to a director	**–**	3,736
Interest income for a director	**172**	170

(b) Outstanding balances with related parties:

	2024 RMB'000	2023 RMB'000
Due from a director	**3,310**	3,736
Due from related parties:		
Haishu Feiyang	**1,802**	1,753
Feiyang Commercial	**150**	100
Carnary Investment	**–**	–
HHR Group	**50**	49
Michael Group	**50**	49
KVN Holdings	**50**	49
DY Holdings	**50**	49
QJ Holdings	**50**	49
LD Group	**–**	–
WB Holdings	**50**	49
QZ Holdings	**50**	49
CXD Holdings	**48**	47
HK Shang Yin Group	**2,778**	–
Feiyang Youpin	**52**	–
	8,490	5,979

The balances with a director is non-trade, carried interest at 5.50% to 5.60% per annum and repayable on demand.

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

36. RELATED PARTY TRANSACTIONS *(continued)*

(c) Compensation of key management personnel of the Group:

	2024 RMB'000	2023 RMB'000
Salaries, allowances and benefits in kind	**842**	803
Equity-settled share-based payments	**138**	–
Pension scheme contributions	**15**	16
Total compensation paid to key management personnel	**995**	819

Further details of directors' and the chief executive's emoluments are included in note 9 to the consolidated financial statements.

37. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the year are as follows:

Financial assets

2024

	Financial assets at amortised cost RMB'000	Financial assets at fair value through profit or loss RMB'000	Total RMB'000
Trade receivables	**88,648**	**–**	**88,648**
Financial assets included in prepayments, deposits and other receivables	**87,937**	**–**	**87,937**
Financial assets at fair value through profit or loss	**–**	**340**	**340**
Finance lease receivables	**204**	**–**	**204**
Amounts due from related parties	**8,490**	**–**	**8,490**
Pledged deposits	**3,042**	**–**	**3,042**
Cash and cash equivalents	**36,688**	**–**	**36,688**
	225,009	**340**	**225,349**

37. FINANCIAL INSTRUMENTS BY CATEGORY *(continued)*

2023

	Financial assets at amortised cost RMB'000	Financial assets at fair value through profit or loss RMB'000	Total RMB'000
Trade receivables	201,071	–	201,071
Financial assets included in prepayments, deposits and other receivables	89,106	–	89,106
Financial assets at fair value through profit or loss	–	2,494	2,494
Finance lease receivables	6,870	–	6,870
Amounts due from related parties	5,979	–	5,979
Pledged deposits	3,042	–	3,042
Cash and cash equivalents	56,500	–	56,500
	362,568	2,494	365,062

Financial liabilities — at amortised cost

	2024 RMB'000	2023 RMB'000
Trade payables	**33,816**	139,880
Financial liabilities included in advance from customers, other payables and accruals	**28,979**	30,637
Lease liabilities	**9,244**	13,042
Interest-bearing bank and other borrowings	**197,460**	194,857
	269,499	378,416

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, trade receivables, amounts due from related parties, trade payables, financial assets included in prepayments, deposits and other receivables, financial liabilities included in advance from customers, other payables and accruals, and the interest-bearing bank and other borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance department reports directly to the finance manager. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the finance manager. The valuation process and results are discussed with the directors once a year for annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

38. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The Group invests in listed equity investments which are based on quoted market prices. The Group invests in unlisted investments, which represent financial products issued by commercial banks in Mainland China. The Group has estimated the fair value of these unlisted investments by using the valuation technique based on the direct capitalisation method, interest rates of instruments. The fair value of these unlisted investments are the sum of principal and interest receivable.

(i) The following table illustrates the fair value measurement hierarchy of the Group's financial instruments:

At 31 December 2024

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	**Significant observable inputs (Level 2) RMB'000**	**Significant unobservable inputs (Level 3) RMB'000**	**Total RMB'000**
Financial assets at fair value through profit or loss				
— Listed equity securities	**3**	**–**	**–**	**3**
— Unlisted fund investments	**–**	**337**	**–**	**337**

At 31 December 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Financial assets at fair value through profit or loss				
— Listed equity securities	16	–	2,095	2,111
— Unlisted fund investments	–	383	–	383

The Group did not have any financial liabilities measured at fair value as at 31 December 2024 (2023: Nil).

(ii) Reconciliation of Level 3 fair value measurements of listed equity securities

	2024 RMB'000	2023 RMB'000
At 1 January	**2,095**	–
Transfers into level 3	**–**	2,095
Transfers out of level 3	**(2,095)**	–
At 31 December	**–**	2,095

38. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

(continued)

During the years ended 31 December 2024 and 2023, there were no transfers between instruments in level 1 and level 2. During the prior year ended 31 December 2023, the Group transferred a listed equity securities measured at fair value through profit or loss from level 1 into level 3 due to no available quoted price in active markets for the shares which were suspended from trading during the end of the reporting period. During the year ended 31 December 2024, the suspended listed equity securities was resumed in trading and transferred to level 1. Other than disclosed, there were no changes in valuation techniques during the year.

Information about Level 3 fair value measurement

	2024 RMB'000	2023 RMB'000	**Valuation techniques**	**Significant unobservable inputs**
Suspended trading listed equity securities	N/A	2,095	Market approach	Change in share prices of comparable companies of 13% during the suspension period (note) Discount for lack of marketability of 23.0% during the suspension period (note)

Note:

During the prior year ended 31 December 2023, trading in shares of a listed equity securities have been halted and remained suspended as at 31 December 2023. As at 31 December 2023, the fair values of suspended trading listed equity securities at financial assets at fair value through profit or loss was determined by reference to the valuation carried out by an independent qualified professional valuer.

The higher the change in share prices of comparable companies during the suspension period, the higher the fair value. The higher the discount for lack of marketability, the lower the fair value.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank loans, cash and cash equivalents and pledged deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The interest rates and terms of repayments of the bank loans are disclosed in note 28.

The Group has not used any interest rate swaps to hedge its exposure to interest rate risk. The Group does not consider that it has any significant exposure to the risk of fluctuation in the interest rate as a reasonable possible change of fifty basis points in the interest rate would have no significant impact on the Group's loss for the year.

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the President and the Chairman.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December. The amounts presented are gross carrying amounts for financial assets.

At 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Trade receivables*	–	–	–	155,796	155,796
Financial assets included in prepayments, other receivables and other assets					
— Normal**	84,925	–	–	–	84,925
— Doubtful**	–	23,141	116,691	–	139,832
Finance lease receivables	–	5,880	–	–	5,880
Pledged deposits					
— Not yet past due	3,042	–	–	–	3,042
Due from related parties	8,490	–	–	–	8,490
Cash and cash equivalents					
— Not yet past due	36,688	–	–	–	36,688
	133,145	29,021	116,691	155,796	434,653

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Maximum exposure and year-end staging *(continued)*

At 31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Trade receivables*	–	–	–	281,205	281,205
Financial assets included in prepayments, other receivables and other assets					
— Normal**	66,519	–	–	–	66,519
— Doubtful**	–	36,450	65,128	–	101,578
Finance lease receivables	–	–	–	6,870	6,870
Pledged deposits					
— Not yet past due	3,042	–	–	–	3,042
Due from related parties	5,979	–	–	–	5,979
Cash and cash equivalents					
— Not yet past due	56,500	–	–	–	56,500
	132,040	36,450	65,128	288,075	521,693

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 21 to the financial statements.

** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables, and deposits, other receivables and other assets are disclosed in notes 21 and 22, respectively, to the consolidated financial statements.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial investments and financial assets (e.g., trade receivables and other financial assets) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank loans and lease liabilities.

The maturity profile of the Group's financial liabilities as at the end of the year, based on the contractual undiscounted payments, is as follows:

	2024					
	On demand RMB'000	Less than 3 months RMB'000	3 to 12 months RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Trade payables	33,816	–	–	–	–	33,816
Lease liabilities	–	1,182	3,547	5,122	–	9,851
Financial liabilities included in contract liabilities, other payables and accruals	28,979	–	–	–	–	28,979
Interest-bearing bank and other borrowings	–	92,024	113,659	–	–	205,683
	62,795	93,206	117,206	5,122	–	278,329

	2023					
	On demand RMB'000	Less than 3 months RMB'000	3 to 12 months RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Trade payables	14,743	125,137	–	–	–	139,880
Lease liabilities	–	1,849	3,539	8,456	–	13,844
Financial liabilities included in contract liabilities, other payables and accruals	30,637	–	–	–	–	30,637
Interest-bearing bank and other borrowings	–	119,794	79,930	–	–	199,724
	45,380	246,780	83,469	8,456	–	384,085

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Capital management

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

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2024 and 31 December 2023.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net debt includes interest-bearing bank loans, trade payables, contract liabilities, other payables and accruals, and lease liabilities, less cash and cash equivalents and pledged deposits. Total capital represents equity attributable to the owners of the parent. The gearing ratios as at the end of each of the reporting periods were as follows:

	At 31 December 2024 RMB'000	At 31 December 2023 RMB'000
Interest-bearing bank and other borrowings	**197,460**	194,857
Lease liabilities	**9,244**	13,042
Trade payables	**33,816**	139,880
Contract liabilities, other payables and accruals	**107,704**	132,847
Less: Cash and cash equivalents	**(36,688)**	(56,500)
Pledged deposits	**(3,042)**	(3,042)
Net debt	**308,494**	421,084
Equity attributable to owners of the Company	**58,636**	77,416
Total capital and net debt	**367,130**	498,500
Gearing ratio	**84%**	84%

40. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2024 RMB'000	2023 RMB'000
NON-CURRENT ASSETS		
Investments in subsidiaries	52	53
Due from subsidiaries	14,411	9,570
TOTAL NON-CURRENT ASSETS	14,463	9,623
CURRENT ASSETS		
Prepayments, other receivables and other assets	18,521	2,700
Due from related parties	398	390
Due from related company	2,778	–
Due from subsidiaries	3,149	3,081
Cash and cash equivalents	41	18,234
TOTAL CURRENT ASSETS	24,887	24,405
CURRENT LIABILITIES		
Due to subsidiaries	–	183
Other payables and accruals	1,656	1,678
TOTAL CURRENT LIABILITIES	1,656	1,861
NET CURRENT ASSETS	23,231	22,544
TOTAL ASSETS LESS CURRENT LIABILITIES	37,694	32,167
Net assets	37,694	32,167
EQUITY		
Share capital	7,145	7,145
Reserves (note)	30,549	25,022
Total equity	37,694	32,167

The Company's statement of financial position was approved and authorised for issue by the board of directors on 28 March 2025 and are signed on its behalf by:

He Binfeng
Director

Xiong Di
Director

40. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(continued)*

Note:

A summary of the Company's reserves is as follows:

	Share premium RMB'000	Share based payment reserve RMB'000	(Accumulated losses)/ Retained profits RMB'000	Foreign currency translation reserve RMB'000	Total RMB'000
At 1 January 2023	229,960	–	(203,855)	5,778	31,883
Placing of shares	35,374	–	–	–	35,374
Loss for the year	–	–	(41,736)	–	(41,736)
Exchange differences on translation of the Company's financial statements	–	–	–	(499)	(499)
At 31 December 2023 and 1 January 2024	**265,334**	**–**	**(245,591)**	**5,279**	**25,022**
Recognition of equity settled share based payments	**–**	**771**	**–**	**–**	**771**
Loss for the year	**–**	**–**	**3,983**	**–**	**3,983**
Exchange differences on translation of the Company's financial statements	**–**	**–**	**–**	**773**	**773**
At 31 December 2024	**265,334**	**771**	**(241,608)**	**6,052**	**30,549**

41. EVENTS AFTER THE REPORTING PERIOD

On 19 November 2024, Zhejiang Feiyang International Travel Group Co., Ltd., ("**Feiyang International**"), an indirect subsidiary of the Company and certain third parties, entered into an agreement pursuant to which the Feiyang International to dispose the 60% equity interest in Zhejiang Feijiada Aviation Service Co., Ltd., ("**Zhejiang Feijiada**") at the cash consideration of RMB22,680,000. Upon Completion, Zhejiang Feijiada Aviation Service Co., Ltd. ceased to be a subsidiary of the Company.

On 9 February 2025, a civil legal proceeding was filed by a third party against Zhejiang Feijiada, Hainan Zhenlv and certain third parties with the Sanya Suburban People's Court (三亞市城郊人民法院). The dispute, involving an amount of approximately RMB74,000,000, pertains to the terms of services contract transacted during the year ended 31 December 2024. To the best knowledge, information and belief of the directors of the Company , having made all reasonable enquiries, the court has not yet issued any judgment in respect of the legal proceeding, which is expected to be withdrawn after negotiation among the parties. The directors of the Company considered the claim as contingent liabilities and are of the view that the legal proceeding has not and will not have any material effect on the Group's business and financial condition.

The disposal had not been completed up to the date of these consolidated financial statements. Details of which are set out in the announcements of the Company dated 19 November 2024, 10 December 2024, 31 December 2024, 20 February 2025 and 21 February 2025.

42. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 28 March 2025.

PARTICULARS OF INVESTMENT PROPERTIES

Address	Existing use	Term of land use rights	Condition/status	Attributable to interest of the Group	Approximate gross floor area (m^2)
Room 25-1, No. 188 Yongjiang Avenue, Ningbo, Zhejiang Province, the PRC	Office	Expiring in May 2048	Currently leased to independent third parties	100%	527.46

SUMMARY OF FINANCIAL INFORMATION

A summary of the published consolidated results and assets and liabilities of the Group for the last five financial years is set out below.

RESULTS

	For the year ended 31 December				
	2024	2023	2022	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	**715,868**	534,303	76,477	77,471	143,495
Loss before tax	**(54,465)**	(9,840)	(32,542)	(137,073)	(88,948)
Income tax (expenses)/credit	**(365)**	(1,725)	(8,172)	(404)	2,579
Loss for the year	**(54,830)**	(11,565)	(40,714)	(137,477)	(86,369)

ASSETS AND LIABILITIES

	As at 31 December				
	2024	2023	2022	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Total assets	**406,278**	566,883	378,407	307,381	406,539
Total liabilities	**(355,226)**	(486,707)	(290,197)	(283,222)	297,464
Total equity	**51,052**	80,176	88,210	24,159	106,075