

GOLD HORIZONS INTERNATIONAL TRAVEL CO., LIMITED

(Incorporated in Hong Kong)

Reports and financial statements

Year ended 31 December 2016

劉樂恩執業會計師

Emily L.Y. Lau C.P.A.

Certified Public Accountants (Practising)

GOLD HORIZONS INTERNATIONAL TRAVEL CO., LIMITED
REPORTS AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2016

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The directors have pleasure in presenting their annual report and audited financial statements for the year ended 31 December 2016.

Principal activity

The Company was engaged in provision of payment and receipt on behalf of the holding company. The prior activity was in provision of hotel rooms booking service.

Results and appropriations

The results of the Company for the year are set out in the statement of comprehensive income on page 6.

The director does not recommend the payment of a dividend.

Shares issued during the year

No new shares were issued by the Company during the year ended 31 December 2016. Details of the share capital as at 31 December 2016 are set out in Note 12 to the financial statements.

Director

The director who held office during the period and up to the date of this report was :-

Huang Chubin	- appointed on 31 January 2016
Chong Ching Lam	- Resigned on 31 January 2016
Zhu Zhi Xing	- Resigned on 31 January 2016

Mr. Chong Ching Lam and Mr. Zhu Zhi Xing resigned on 31 January 2016 as director of the Company. They have confirmed they have no disagreement with the Board and nothing relating to the affairs of the Company needed to be brought to the attention of the shareholder of the Company.

As there is no provision in the Company's articles of association for the retirement of the directors by votation, the directors continue in office.

Director's material interests in transactions, arrangements and contracts that are significant in relation to the Company's business

No transactions, arrangements and contracts of significance in relation to the Company's business to which the Company, any of its fellow subsidiaries or its parent companies was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Director's interests in the shares and debentures of the Company or any specified undertaking of the Company

At no time during the year was the Company, its subsidiary, any of its fellow subsidiaries or its holding companies was a party to any arrangement to enable the director of the Company to hold any interests in the shares or debentures of, the Company or any other body corporate.

Management contracts

The Company has agreement with holding company for the provision of payment and receipt on behalf service and providing room booking service to traveler using the holding company's online system in return for a handling service income of 0.75% on amount received on behalf of the holding company during the year.

No other 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.

Business review

No business review is presented for the year ended 31 December 2016 as the Company has been able to claim an exemption under section 388(3) of the Companies Ordinance Cap. 622 since it is a wholly owned subsidiary of another body corporate.

Permitted indemnity provisions

At no time during the financial period and up to the date of this Report of the Director, there was or is, any permitted indemnity provision being in force for the benefit of any of the director of the Company (whether made by the Company or otherwise) or an associated company (if made by the Company).

Auditor

The financial statements have been audited by Emily L.Y. Lau C.P.A., who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board


Chairman
Huang Chubin

05 FEB 2017

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
GOLD HORIZONS INTERNATIONAL TRAVEL CO., LIMITED**
(Incorporated in Hong Kong with limited liability)

Opinion

What we have audited

The financial statements of Gold Horizons International Co., Limited (the "Company") set out on pages 6 to 20, which comprise:

- the statement of financial position as at 31 December 2016;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2016, and of its financial performance and its 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 Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company 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.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBER OF
GOLD HORIZONS INTERNATIONAL TRAVEL CO., LIMITED**
(Incorporated in Hong Kong with limited liability)

Other Information

The director is responsible for the other information. The other information comprises the information included in the report the director, but does not include the financial statements and our auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 Director for the Financial Statements

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

In preparing the financial statements, the director is responsible for assessing the Company'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 director either intends to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The director is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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. We report our opinion solely to you, as a body, in accordance with Section 405 of the Hong Kong Companies Ordinance 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 HKSAAs 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 financial statements.

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF
GOLD HORIZONS INTERNATIONAL TRAVEL CO., LIMITED**
(Incorporated in Hong Kong with limited liability)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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

- Identify and assess the risks of material misstatement of the 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 Company'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's 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 Company'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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors 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.



Emily L.Y. Lau C.P.A. (P05350)
Certified Public Accountants (Practising)
Hong Kong

05 FEB 2017

GOLD HORIZONS INTERNATIONAL TRAVEL CO., LIMITED
STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 31 DECEMBER 2016

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	Note	<u>2016</u> HK\$	<u>Period</u> <u>1/7/2014 -</u> <u>31/12/2015</u> HK\$
Revenue	5	345,928.69	85,866.00
Cost of revenue		<u>-</u>	<u>(82,841.29)</u>
Gross profit		345,928.69	3,024.71
Other revenue	5	1,239.44	7.60
Other gain/ (losses), net	6	(803,065.92)	(53.56)
Administrative and other operating expenses	7	<u>(181,207.87)</u>	<u>(36,966.00)</u>
Operating profit		(637,105.66)	(33,987.25)
Finance income/ (cost), net		<u>-</u>	<u>-</u>
Loss before income tax		(637,105.66)	(33,987.25)
Income tax expense	8	<u>-</u>	<u>-</u>
Loss and total comprehensive expenses for the year attributable to owners of the Company		<u>(637,105.66)</u>	<u>(33,987.25)</u>

The notes on pages 10 to 20 are an integral part of these financial statements.

GOLD HORIZONS INTERNATIONAL TRAVEL CO., LIMITED
STATEMENT OF FINANCIAL POSITION - 31 DECEMBER 2016

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	Note	<u>2016</u> HK\$	<u>2015</u> HK\$
ASSETS			
Current assets			
Amount due from a director		-	420,000.00
Cash and cash equivalents	10	<u>5,559,745.41</u>	<u>51,012.75</u>
Total assets		<u><u>5,559,745.41</u></u>	<u><u>471,012.75</u></u>
EQUITY			
Capital and reserves			
Share capital	12	500,000.00	500,000.00
Accumulated losses		<u>(671,092.91)</u>	<u>(33,987.25)</u>
Shareholder's reserves		<u>(171,092.91)</u>	<u>466,012.75</u>
LIABILITIES			
Current liabilities			
Other payables	11	24,000.00	5,000.00
Amount due to a director	11	40,000.00	-
Amount due to a holding company	11	<u>5,666,838.32</u>	<u>-</u>
Total liabilities		<u><u>5,730,838.32</u></u>	<u><u>5,000.00</u></u>
Total equity and liabilities		<u><u>5,559,745.41</u></u>	<u><u>471,012.75</u></u>

The financial statements on pages 6 to 20 were approved for issue by the Board of Directors and was signed on its behalf on 05 FEB 2017



Director
Huang Chubin

05 FEB 2017

The notes on pages 10 to 20 are an integral part of these financial statements.

GOLD HORIZONS INTERNATIONAL TRAVEL CO., LIMITED
STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 DECEMBER 2016

	<u>Share capital</u> HK\$	<u>Accumulated losses</u> HK\$	<u>Total</u> HK\$
Balance at 20/3/2014 (date of incorporation)	-	-	-
Issued share capital	500,000.00	-	500,000.00
Loss and total comprehensive expenses for the year attributable to owners of the Company	<u>-</u>	<u>(33,987.25)</u>	<u>(33,987.25)</u>
Balance at 31/12/2015	500,000.00	(33,987.25)	466,012.75
Loss and total comprehensive expenses for the year attributable to owners of the Company	<u>-</u>	<u>(637,105.66)</u>	<u>(637,105.66)</u>
Balance at 31/12/2016	<u>500,000.00</u>	<u>(671,092.91)</u>	<u>(171,092.91)</u>

The notes on pages 10 to 20 are an integral part of these financial statements.

GOLD HORIZONS INTERNATIONAL TRAVEL CO., LIMITED
STATEMENT OF CASH FLOWS
YEAR ENDED 31 DECEMBER 2016

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	Note	2016 HK\$	2015 HK\$
Cash flows in operating activities			
Cash used in operations	13	<u>(619,345.10)</u>	<u>(28,994.85)</u>
Net cash used in operating activities		<u><u>(619,345.10)</u></u>	<u><u>(28,994.85)</u></u>
Cash flows in investing activity			
Interest received		<u>1,239.44</u>	<u>7.60</u>
Net cash generated from investing activity		<u><u>1,239.44</u></u>	<u><u>7.60</u></u>
Cash flows in financing activities			
Decrease/ (increase) in amounts due from a director		420,000.00	(420,000.00)
Increase in amounts due to a director		40,000.00	-
Increase in amounts due to holding company		5,666,838.32	-
Initial share capital		<u>-</u>	<u>500,000.00</u>
Net cash generated from financing activities		<u><u>6,126,838.32</u></u>	<u><u>80,000.00</u></u>
Net increase in cash and cash equivalents		<u>5,508,732.66</u>	<u>51,012.75</u>
Cash and cash equivalents at beginning of the year		<u>51,012.75</u>	<u>-</u>
Cash and cash equivalents at end of the year		<u><u>5,559,745.41</u></u>	<u><u>51,012.75</u></u>

The notes on pages 10 to 20 are an integral part of these financial statements.

1 General information

Gold Horizons International Travel Co., Limited (the “Company”) was incorporated in Hong Kong on 20 March 2014 as a limited liability company under the Hong Kong Companies Ordinance. The registered office is Flat D, 20/F, BLK 4, Laguna City Phase 1, Lam Tin, Kowloon, Hong Kong.

The principal activity of the Company is the provision of payment and receipt on behalf for the holding company during the year.

The Company is a wholly-owned subsidiary of e2trip Travel Agent Co. Limited, a limited liability company incorporated in Mainland China. The director regards e2trip Travel Agent Co. Limited (“Holding”), a company incorporated in Mainland China, is the ultimate holding company during the year.

These financial statements are presented in Hong Kong dollars (“HK\$”), unless otherwise stated.

2 Summary of significant accounting policies

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

Basis of preparation

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”). The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas, involving a higher degree of judgement or complexity, and areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

2 Summary of significant accounting policies (Continued)

Basis of preparation (Continued)

(a) Amendments to standards adopted by the Company

The following amendments to existing standards are mandatory to the Company for accounting periods beginning on or after 1 January 2017:

Standards	Subject of amendment
HKAS 7 (Amendment)	Disclosure Initiative
HKAS 12 (Amendment)	Recognition of Deferred Tax Assets for Unrealised Losses
HKFRS 12 (Amendment)	Disclosure of Interests in Other Entities

The adoption of these amendments to existing standards does not have any significant impact on the results and financial position of the Company.

(b) New standards and amendments to existing standards that are not yet effective and have not been early adopted by the Company

Standards	Subject of amendment	Effective for annual periods beginning on or after
HKFRS 1 and HKAS 28 (Amendments)	Annual Improvements 2014-2016 Cycle	1 January 2018
HKFRS 4 (Amendment)	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts	1 January 2018
HKFRS 9	Financial Instruments	1 January 2018
HKFRS 15	Revenue from Contracts with Customers	1 January 2018
HKFRS (Amendment)	15 Clarifications to HKFRS 15	1 January 2018

Management is in the process of making an assessment of their impact and is not yet in a position to state whether any substantial changes to the Company's significant accounting policies and presentation of the financial information will be resulted in.

2 Summary of significant accounting policies (Continued)

Basis of preparation (Continued)

- (b) New standards and amendments to existing standards that are not yet effective and have not been early adopted by the Company (Continued)

HKFRS 15, “Revenue from contracts with customers”

Nature of change

The Hong Kong Institute of Certified Public Accountants has issued a new standard for the recognition of revenue. This will replace HKAS 18, “Revenue” which covers contracts for goods and services and HKAS 11, “Construction Contracts” which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption.

Impact

The director of the Company does not expect the application of HKFRS 15 would result in a significant impact on the Company’s financial position and results of operations based on the current business model.

Date of adoption by the Company

HKFRS 15 is mandatory for financial years commencing on or after 1 January 2018. The Company does not intend to adopt HKFRS 15 before its mandatory date.

Foreign currency translation

- (a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates (the “functional currency”). The financial statements are presented in Hong Kong dollar (“HK\$”), which is the Company’s functional and presentation currency.

- (b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Foreign exchange gains and losses are presented in the statement of comprehensive income within “other gains/(losses), net”.

2 Summary of significant accounting policies (Continued)

Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

A provision for impairment of trade and other receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the provision is recognised in the statement of comprehensive income.

Cash and cash equivalents

Cash and cash equivalents include cash in hand.

Share capital

Ordinary shares are classified as equity.

Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Current and deferred income tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in the profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax also recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

2 Summary of significant accounting policies (Continued)

(b) Deferred income tax

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Employee benefits

(a) Employee leave entitlements

The Company provides paid annual leave to its employees under their employment contracts. Under certain circumstances, such leave which remains untaken as at the balance sheet date is permitted to be carried forward and utilised by the respective employees in the following year. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(b) Termination benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

2 Summary of significant accounting policies (Continued)

Revenue and other revenue

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Company and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

- (i) Commission income is recognised when the services are rendered.
- (ii) Interest income is recognised as it accrues using the effective interest method.

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

3 Financial risk management

Financial risk factors

The Company's major financial instruments include cash and bank balances, amounts due from/to related parties, deposits, prepayments and other receivables, trade receivables and trade and other payables. All financial instruments are carried at amounts not materially different from their fair values as at the end of the reporting period.

The Company's activities expose it to a variety of financial risks, including interest rate risk, foreign exchange risk, credit risk and liquidity risk. The Company's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

The management identifies, evaluates and monitors financial risks in close co-operation with the Company's immediate holding company. The director provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and liquidity risk.

3 Financial risk management (Continued)

(a) Market risk

(i) Interest rate risk

The Company's income and operating cash flows are substantially independent of changes in market interest rates as the Company has no significant interest-bearing assets and liabilities except for bank balances. Accordingly, the director is of the opinion that interest rate risk is minimal to the Company as reasonable changes in interest rate would only have an insignificant impact on the Company and therefore no sensitivity analysis is presented thereon.

(ii) Foreign exchange risk

The Company is exposed to foreign exchange risk primarily through exchanging different foreign currency in setting payment for holding company. The Company is exposed to foreign exchange risk primary with respect to USD, EUR, JPY, AUD, THB, NZD and CNY. The director considers that foreign exchange risk of the Company is insignificant and therefore no sensitivity analysis is presented thereon.

(b) Credit risk

The carrying amounts of trade and other receivables and cash and cash equivalents represent the Company's maximum exposure to credit risk in relation to financial assets.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding. Due to the nature of the underlying businesses, the Company's management responsible for treasury function aims to maintain flexibility in funding by keeping sufficient cash available.

Capital risk management

The Company's objectives on managing capital are to safeguard the Company's ability to continue as a going concern, maintain a healthy gearing ratio to support business development and enhance shareholders' value.

The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and business strategies. The Company does not have any external interest bearing borrowings. Therefore, in order to maintain or adjust the capital structure, the Company may adjust the dividend payments to shareholders, return capital to shareholders, issue new shares or obtain funding from holding companies.

Fair value estimation

The carrying amounts of the Company's financial assets including trade and other receivables and cash and cash equivalents, and financial liabilities including trade and other payables and loan from a fellow subsidiary, are assumed to approximate their fair values due to their short maturities. The fair value of the accrued reinstatement cost equals their carrying amount, as the impact of discounting is not significant.

4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Current and deferred taxes

The Company is subject to income tax in Hong Kong. Significant judgement is required in determining the provision for income tax. There are some transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax provisions in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences are recognised when management considers it is likely that future taxable profits will be available against which the temporary differences can be utilised. When the expectations are different from the original estimates, such differences will impact the recognition of deferred tax assets and income tax charges in the period in which such estimates have been changed.

5 Revenue and other revenue

Revenue represents the specified percentage of commission income on the total amount received on behalf of the holding company during the year.

	<u>2016</u> HK\$	<u>Period</u> <u>1/7/2014 -</u> <u>31/12/2015</u> HK\$
Revenue		
Room booking income	-	85,866.00
Commission income	345,928.69	-
	<u>345,928.69</u>	<u>85,866.00</u>
Other income		
Bank interest income	1,239.44	7.60
	<u>1,239.44</u>	<u>7.60</u>

6 Other gains/(losses), net

	<u>2016</u> HK\$	<u>Period</u> <u>1/7/2014 -</u> <u>31/12/2015</u> HK\$
Net exchange losses	<u>(803,065.92)</u>	<u>(53.56)</u>

7 Expenses by nature

	<u>2016</u> HK\$	<u>Period</u> <u>1/7/2014 -</u> <u>31/12/2015</u> HK\$
Auditor's remuneration	10,000.00	5,000.00
Employee benefits expenses (including director's remuneration		
- Wages, salaries and allowances	49,000.00	10,000.00
Bank charges	6,735.09	-
Travelling and transportation costs	113,569.78	11,916.00
Other expenses	<u>1,903.00</u>	<u>10,050.00</u>
Total distribution cost, administrative and other operating expenses	<u>181,207.87</u>	<u>36,966.00</u>

8 Income tax expense

- (a) No provision for Hong Kong profits tax is required since the company has no assessable profits for the year.
- (a) At the reporting date the company has unused tax losses of HK\$672,338.00 available for offset against future profits.

9 Benefits and interests of directors

The following disclosures are made pursuant to section 383(1)(a) to (f) of the Companies Ordinance (Cap. 622) and Parts 2 to 4 of the Companies (Disclosure of Information about Benefits of Director) Regulation (Cap. 622G):

- (a) Director's emoluments (equivalent to key management compensation)

None of the director received or will receive any fees or other emoluments in respect of their services to the Company during the year. No emoluments was paid or receivable in respect of director's other service in connection with the management of the affairs of the Company or its holding company. No emoluments was paid or receivable in respect of accepting office as a director.

9 Benefits and interests of director (continued)

(b) Director's retirement benefits and termination benefits

None of the director received or will receive any retirement benefits or termination benefits during the year.

(c) Consideration provided to third parties for making available director's services

During the year ended 31 December 2016, the Company did not pay consideration to any third parties for making available director's services.

(d) Information about loans, quasi-loans and other dealings in favour of director, controlled bodies corporate by and controlled entities with such director

During the year ended 31 December 2016, there is no loans, quasi-loans and other dealing arrangements in favour of director, controlled bodies corporate by and connected entities with such director.

(e) Director's material interests in transactions, arrangements or contracts

No director of the Company had a material interest, directly or indirectly, in any significant transactions, arrangements and contracts in relation to the Company's business to which the Company was or is a party that subsisted at the end of the year or at any time during the year.

10 Cash and cash equivalents

	<u>2016</u> HK\$	<u>2015</u> HK\$
Cash on hand	<u>5,559,745.41</u>	<u>51,012.75</u>

The carrying amounts of the cash and cash equivalents is denominated in Hong Kong dollars.

As at 31 December 2016, the maximum exposure to credit risk of the Company amounted to nil. The Company does not hold any collateral as security.

11 Other payables

	<u>2016</u> HK\$	<u>2015</u> HK\$
Amount due to a holding company	5,666,838.32	-
Amount due to a director	40,000.00	-
Other payables	<u>24,000.00</u>	<u>5,000.00</u>
	<u>5,730,838.32</u>	<u>5,000.00</u>

The amount due to a holding company and a director is unsecured, interest-free and repayable on demand. The carrying amounts of payables approximate their fair values.

12 Share capital

	Number of ordinary shares HK\$	Share capital HK\$
Ordinary shares issued and fully paid: At 20 March 2014 (date of incorporation), 31 December 2015, 1 January 2016 and 31 December 2016	500,000.00	500,000.00

13 Note to the statement of cash flows

Reconciliation of profit before income tax to net cash used in operations is as follows:

	<u>2016</u> HK\$	<u>2015</u> HK\$
Loss before tax	(637,105.66)	(33,987.25)
Adjustments for:	-	-
Interest income	(1,239.44)	(7.60)
Changes in working capital	(638,345.10)	(33,994.85)
Increase in accrual	19,000.00	5,000.00
Net cash used in operating activities	(619,345.10)	(28,994.85)

14 Related party transactions

Material transactions and balances with related parties are as follows:

(a) Transactions with related parties

	<u>2016</u> HK\$	<u>2015</u> HK\$
Commission income received from a holding company	345,928.69	-

Pursuant to the business nature between the Company and its holding company, commission income is charged at 0.75% of total amount received on behalf of the holding company during the year.

(b) Year-end balances

	<u>2016</u> HK\$	<u>2015</u> HK\$
Amounts due to a director	40,000.00	-
Amounts due to a holding company	5,666,838.32	-

GOLD HORIZONS INTERNATIONAL TRAVEL CO., LIMITED
DETAILED INCOME STATEMENT
YEAR ENDED 31 DECEMBER 2016
(for management purpose only)

Appendix i


	<u>2016</u> HK\$	<u>Period</u> <u>1/7/2014 -</u> <u>31/12/2015</u> HK\$
REVENUE		
Room booking income	-	85,866.00
Commission income	345,928.69	-
	345,928.69	85,866.00
COST OF REVENUE		
Room booking expenses	-	82,841.29
	345,928.69	3,024.71
GROSS PROFIT		
OTHER INCOME		
Bank interest income	1,239.44	7.60
	347,168.13	3,032.31
ADMINISTRATIVE EXPENSES		
Audit fee	10,000.00	5,000.00
Bank charges	6,735.09	-
Business registration fee	-	4,500.00
Entertainment	-	1,000.00
Loss on exchange	803,065.92	53.56
Directors' remuneration	-	10,000.00
Printing and stationery	1,199.00	-
Oversea business travelling	113,569.78	11,916.00
Postage and courier	104.00	-
Salaries and allowance	49,000.00	-
Sundry expenses	-	4,550.00
Telephone and internet	600.00	-
	984,273.79	37,019.56
LOSS BEFORE TAX	(637,105.66)	(33,987.25)

PROFITS TAX COMPUTATION

I.R.D. FILE NO. : 22/62970994
YEAR OF ASSESSMENT : 2016/17 (FINAL)
CLIENTS : GOLD HORIZONS INTERNATIONAL
TRAVEL CO. LIMITED
BASIS PERIOD : YEAR ENDED 31 DECEMBER 2016

	HK\$
LOSS for the year ended 31 December 2016 as per financial statements	(637,105)
Less: Bank interest income	<u>1,239</u>
Adjusted loss	(638,344)
Loss b/f	<u>(33,994)</u>
Loss c/f	<u><u>(672,338)</u></u>

Confirmed true and correct by director:



Huang Chubin

05 FEB 2017