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## **Travel Expert (Asia) Enterprises Limited**

### **專業旅運（亞洲）企業有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1235)**

## **ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022**

### **FINANCIAL HIGHLIGHTS**

- Total customer sales proceeds for the period was HK\$48.5 million, representing an increase of 99.6% from HK\$24.3 million for the corresponding period last year.
- Revenue for the period was HK\$9.0 million, representing an increase of 130.8% from HK\$3.9 million for the corresponding period last year.
- The loss for the period attributable to owners of the Company was HK\$4.0 million (2021: HK\$7.2 million).
- Loss per share attributable to owners of the Company for the period was HK0.8 cents (2021: HK1.4 cents)
- The Board has resolved not to declare an interim dividend for the six months ended 30 September 2022 (2021: Nil).

### **INTERIM RESULTS**

The board (the “Board”) of directors (the “Directors”) of Travel Expert (Asia) Enterprises Limited (the “Company”) presents the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2022 together with comparative figures.

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
*For the six months ended 30 September 2022*

		<b>Six months ended</b>	
		<b>30 September</b>	
		<b>2022</b>	2021
		<b>(unaudited)</b>	(unaudited)
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Revenue</b>	4	<b>8,988</b>	3,864
Cost of sales		<u>(2,453)</u>	<u>(491)</u>
<b>Gross profit</b>		<b>6,535</b>	3,373
Other income and gains	4	<b>7,287</b>	3,383
Selling and distribution costs		<b>(6,119)</b>	(5,237)
Administrative expenses		<b>(11,110)</b>	(7,998)
Loss on disposal of financial assets/liabilities at fair value through profit or loss		<b>(466)</b>	(581)
Fair value loss on financial assets/liabilities at fair value through profit or loss		<u>–</u>	<u>(113)</u>
<b>Loss from operations</b>	5	<b>(3,873)</b>	(7,173)
Finance costs	6	<u>(110)</u>	<u>(204)</u>
<b>Loss before income tax</b>		<b>(3,983)</b>	(7,377)
Income tax credit	7	<u>–</u>	<u>213</u>
<b>Loss for the period</b>		<u><b>(3,983)</b></u>	<u>(7,164)</u>

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2022</b>	2021
	<b>(unaudited)</b>	(unaudited)
<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Other comprehensive income</b>		
<b>Item that may be reclassified subsequently to profit or loss:</b>		
Exchange difference on translation of financial statements of overseas subsidiary	(48)	6
<b>Other comprehensive income for the period, net of tax</b>	<u>(48)</u>	<u>6</u>
<b>Total comprehensive income for the period</b>	<u>(4,031)</u>	<u>(7,158)</u>
<b>Loss for the period attributable to:</b>		
Owners of the Company	(3,982)	(7,163)
Non-controlling interests	(1)	(1)
	<u>(3,983)</u>	<u>(7,164)</u>
<b>Total comprehensive income for the period attributable to:</b>		
Owners of the Company	(4,030)	(7,157)
Non-controlling interests	(1)	(1)
	<u>(4,031)</u>	<u>(7,158)</u>
<b>Loss per share attributable to owners of the Company</b>		
	8	
– Basic	HK (0.8) cents	HK (1.4) cents
– Diluted	N/A	N/A

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2022

		<b>30 September 2022 (unaudited) HK\$'000</b>	31 March 2022 (audited) HK\$'000
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	<i>10</i>	<b>4,524</b>	2,582
Prepayments and deposits		<b>1,898</b>	1,920
		<hr/> <b>6,422</b>	<hr/> 4,502
<b>Current assets</b>			
Inventories		<b>2,284</b>	2,266
Trade receivables	<i>11</i>	<b>24</b>	253
Prepayments, deposits and other receivables		<b>11,047</b>	7,108
Financial assets at fair value through profit or loss		<b>48</b>	2,200
Pledged deposits		<b>7,562</b>	5,014
Times deposits over three months		<b>8,913</b>	2,400
Cash and cash equivalents		<b>55,798</b>	66,244
		<hr/> <b>85,676</b>	<hr/> 85,485
<b>Current liabilities</b>			
Trade payables	<i>12</i>	<b>8,606</b>	4,332
Accrued charges and other payables		<b>11,139</b>	10,483
Contract liabilities		<b>8,741</b>	4,404
Financial liabilities at fair value through profit or loss		<b>48</b>	–
Lease liabilities		<b>3,410</b>	5,564
Provision for tax		<b>4</b>	4
		<hr/> <b>31,948</b>	<hr/> 24,787
<b>Net current assets</b>		<hr/> <b>53,728</b>	<hr/> 60,698
<b>Total assets less current liabilities</b>		<hr/> <b>60,150</b>	<hr/> 65,200

		<b>30 September 2022 (unaudited) <i>HK\$'000</i></b>	31 March 2022 (audited) <i>HK\$'000</i>
	<i>Notes</i>		
<b>Non-current liabilities</b>			
Lease liabilities		<u>2,488</u>	<u>4,042</u>
		<u>2,488</u>	<u>4,042</u>
<b>Net assets</b>		<b><u>57,662</u></b>	<b><u>61,158</u></b>
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	<i>13</i>	<u>5,099</u>	5,099
Reserves		<u>52,388</u>	<u>55,883</u>
		<u>57,487</u>	60,982
<b>Non-controlling interests</b>		<u>175</u>	<u>176</u>
<b>Total equity</b>		<b><u>57,662</u></b>	<b><u>61,158</u></b>

## **NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

*For the six months ended 30 September 2022*

### **1. GENERAL INFORMATION**

The Company was incorporated in the Cayman Islands as an exempted company with limited liability. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Group is located at 8/F., Guangdong Finance Building, 88 Connaught Road West, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The principal activity of the Company is investment holding. The principal activities of the Company's subsidiaries are provision of services relating to sales of air-tickets, hotel accommodation and other travel/wedding related products, sales of package tours, food and beverage, and frozen food and groceries and investment in treasury activities.

The condensed consolidated interim financial statements for the six months ended 30 September 2022 were approved and authorised for issue by the Board on 29 November 2022.

### **2. BASIS OF PREPARATION**

These condensed consolidated interim financial statements for the six months ended 30 September 2022 have been prepared in accordance with the Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange.

The condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 March 2022.

Since 2020, precautionary and control measures against Coronavirus Disease 2019 ("COVID-19") have been implemented in various countries. These measures include border restrictions and quarantine measures over international travel and have created unprecedented pressure for travel industry. As a result, the Group recorded a loss of approximately HK\$3,983,000 for the six months ended 30 September 2022.

These events or conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability as a going concern and therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. Nevertheless, the Directors have adopted going concern basis in the preparation of the condensed consolidated financial statements of the Group.

In view of these circumstances and the impact of the COVID-19 pandemic, the management strives to maintain an operating scale commensurate with the Group's operating strategies that on one hand enables the Group to respond to the future recovery of the travel industry and on the other hand reserves sufficient liquidity and working capital so as to enable the Group to continue as a going concern.

For the purpose of assessing the appropriateness of the use of the going concern basis, the Directors have reviewed the Group's cash flow projections prepared by the management covering a period of not less than twelve months from 30 September 2022. Based on the different possible outcomes of the evolution of the COVID-19 pandemic and future development of the travel agency industry, management has prepared the projections that include key assumptions with regard to the anticipated cash flows from the Group's operations and capital expenditures. The Directors, after making due enquiries and considering the basis of management's projections described above, believe that the Group will have sufficient financial resources to operate as a going concern notwithstanding that the assessment of going concern basis of accounting is dependent upon certain assumptions and judgements, such as the timing of uplifting the border restrictions and quarantine measures, vaccination requirements, and the successful implementation of the aforementioned measures on liquidity. Accordingly, the Directors consider that it is appropriate to prepare the Group's condensed consolidated interim financial statements on a going concern basis.

Should the Group be unable to continue as a going concern, adjustments would have to be made to reduce the value of assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively. The effect of these adjustments has not been reflected in these condensed consolidated interim financial statements.

### **3. ACCOUNTING POLICIES**

The accounting policies and methods of computation that have been used in the preparation of the condensed consolidated interim financial statements are consistent with those used in the financial statements for the year ended 31 March 2022, except for the adoption of the new and amended Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations effective for the first time for annual periods beginning on 1 April 2022.

During the interim period, the Group has adopted all the new and amended HKFRSs which are first effective for the reporting period and relevant to the Group. The adoption of these new and amended HKFRSs did not have any material impact on the Group's accounting policies and the Directors considered that the changes are not material to the Group's results of operations or financial position.

#### 4. REVENUE, OTHER INCOME AND GAINS, AND SEGMENT INFORMATION

The Group's principal activities are provision of services relating to sale of air-tickets, hotel accommodation and other travel/wedding related products, sales of package tours, food and beverage, and frozen food and groceries and investment in treasury activities. An analysis of the Group's revenue from principal activities, other income and gains is as follows:

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2022</b>	2021
	<b>(unaudited)</b>	(unaudited)
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>		
Provision of services relating to sales of travel/wedding related products <i>(note (a))</i>	<b>6,914</b>	3,287
Sales of package tours <i>(note (a))</i>	<b>92</b>	390
Sales of frozen food and groceries <i>(note (a))</i>	<b>–</b>	187
Sales of food and beverage <i>(note (a))</i>	<b>1,982</b>	–
	<b>8,988</b>	3,864
<b>Other income and gains</b>		
Interest income on deposits in banks and financial institutions stated at amortised cost	<b>527</b>	510
Sponsorship and joint advertising income	<b>1</b>	70
Exchange gain	<b>–</b>	238
Dividend income from listed securities	<b>–</b>	6
Government grants <i>(note (b))</i>	<b>1,996</b>	1,383
COVID-19 related rent concession	<b>–</b>	456
Gain on disposal of property, plant and equipment	<b>–</b>	210
Gain on early termination of lease	<b>4,167</b>	–
Sundry income	<b>596</b>	510
	<b>7,287</b>	3,383
Total revenue, other income and gains	<b>16,275</b>	7,247

Notes:

**(a) Customer sales proceeds**

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2022</b>	2021
	<b>(unaudited)</b>	(unaudited)
	<b>HK\$'000</b>	<b>HK\$'000</b>
Gross sales proceeds related to provision of service relating to sales of travel/wedding related products*	<b>46,407</b>	23,700
Sales of package tours	<b>92</b>	390
Sales of frozen food and groceries	<b>–</b>	187
Sales of food and beverage	<b>1,982</b>	–
	<hr/>	<hr/>
Total customer sales proceeds	<b>48,481</b>	24,277
	<hr/> <hr/>	<hr/> <hr/>

\* The Group's gross sales proceeds from provision of services relating to sales of travel/wedding related products, includes the air tickets, hotel accommodation and other travel/wedding related products, are considered as cash collected and receivable on behalf of principals as an agent. The gross sales proceeds from these sales, which do not represent revenue, represent the price at which products have been sold inclusive of service fees. The related service income is recorded by the Group on net basis.

**(b) Government grants**

Included in profit or loss for the six months ended 30 September 2022 was approximately HK\$1,294,000 (2021: Nil) of government grants obtained from Employment Support Scheme ("ESS") under the Anti-epidemic Fund launched by the Hong Kong SAR Government supporting the payroll of the Group's employees. Under the ESS, the Group had to commit to spend these grants on payroll expenses, and not to reduce employee head count below prescribed levels for a specified period of time. The Group does not have other unfulfilled obligations relating to this program.

During the six months ended 30 September 2022, approximately HK\$702,000 (2021: HK\$1,300,000) of government grants relating to one-off subsidy for the purpose of giving immediate financial support and cash incentives for travel agents are included in profit of loss.

## Segment information

The executive directors have identified the Group's operating segments as follows. These operating segments are monitored and strategic decisions are made on the basis of adjusted segment operating results.

	Travel and travel/ wedding related business		Food and beverage business		Treasury activities		Others		Total	
	Six months ended		Six months ended		Six months ended		Six months ended		Six months ended	
	30 September		30 September		30 September		30 September		30 September	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Revenue from external customers	7,006	3,677	1,982	-	-	-	-	187	8,988	3,864
Reportable segment revenue	7,006	3,677	1,982	-	-	-	-	187	8,988	3,864
Reportable segment profit/(loss)	734	(5,275)	(868)	-	(2,678)	(867)	-	(558)	(2,812)	(6,700)
Interest income	19	178	-	-	376	313	-	-	395	491
Finance costs	(59)	(193)	(51)	-	-	-	-	(11)	(110)	(204)
Dividend income	-	-	-	-	-	6	-	-	-	6
Depreciation on property, plant and equipment	(587)	(38)	(1,089)	-	-	-	-	(176)	(1,676)	(214)
Impairment loss on property, plant and equipment	-	(34)	-	-	-	-	-	-	-	(34)
Fair value loss on financial assets/liabilities at fair value through profit or loss	-	-	-	-	-	(113)	-	-	-	(113)
Loss on disposal of financial assets/liabilities at fair value through profit or loss	-	-	-	-	(466)	(581)	-	-	(466)	(581)

	Travel and travel/ wedding related business		Food and beverage business		Treasury activities		Others		Total	
	At	At	At	At	At	At	At	At	At	At
	30 September	31 March	30 September	31 March	30 September	31 March	30 September	31 March	30 September	31 March
	2022	2022	2022	2022	2022	2022	2022	2022	2022	2022
(unaudited)	(audited)	(unaudited)	(audited)	(unaudited)	(audited)	(unaudited)	(audited)	(unaudited)	(audited)	
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Reportable segment assets	26,743	16,764	2,479	3,324	36,275	46,696	-	133	65,497	66,917
Additions to non-current segment assets during the period/year	1,708	751	104	6,441	-	-	-	-	1,812	7,192
Reportable segment liabilities	31,224	24,899	3,090	3,819	57	19	-	22	34,371	28,759

The totals presented for the Group's operating segments reconcile to the Group's key financial figures as presented in the condensed consolidated interim financial statements as follows:

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2022</b>	2021
	<b>(unaudited)</b>	(unaudited)
	<b>HK\$'000</b>	HK\$'000
Reportable segment revenue	<u>8,988</u>	<u>3,864</u>
<b>Group revenue</b>	<b><u>8,988</u></b>	<b><u>3,864</u></b>
Reportable segment loss	<u>(2,812)</u>	(6,700)
Other corporate expenses	<u>(1,171)</u>	(677)
<b>Loss before income tax</b>	<b><u>(3,983)</u></b>	<b><u>(7,377)</u></b>
	<b>At</b>	<b>At</b>
	<b>30 September</b>	<b>31 March</b>
	<b>2022</b>	<b>2022</b>
	<b>(unaudited)</b>	<b>(audited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Reportable segment assets	<u>65,497</u>	66,917
Other corporate assets	<u>26,601</u>	<u>23,070</u>
<b>Group assets</b>	<b><u>92,098</u></b>	<b><u>89,987</u></b>
Reportable segment liabilities	<u>34,371</u>	28,759
Other corporate liabilities	<u>65</u>	<u>70</u>
<b>Group liabilities</b>	<b><u>34,436</u></b>	<b><u>28,829</u></b>

The Group's revenue from external customers and its non-current assets are divided into the following geographical areas:

	<b>Revenue from external customers</b>		<b>Non-current assets</b>	
	<b>Six months ended</b>		<b>At</b>	<b>At</b>
	<b>30 September</b>		<b>30 September</b>	<b>31 March</b>
	<b>2022</b>	2021	<b>2022</b>	2022
	<b>(unaudited)</b>	(unaudited)	<b>(unaudited)</b>	(audited)
	<b>HK\$'000</b>	HK\$'000	<b>HK\$'000</b>	HK\$'000
Hong Kong (domicile)	<u>8,987</u>	3,859	<u>5,653</u>	3,098
The PRC excluding Hong Kong	<u>1</u>	<u>5</u>	<u>-</u>	<u>-</u>
	<b><u>8,988</u></b>	<b><u>3,864</u></b>	<b><u>5,653</u></b>	<b><u>3,098</u></b>

The geographical location of the non-current assets is based on the physical location of the asset. The country of domicile is determined by referring to the country which the Group regards as its home country, has the majority of operations and centre of management.

Most of the revenue of the Group are derived from Hong Kong. The Group has a large number of customers, and no significant revenue was derived from specific external customers for the periods.

## 5. LOSS FROM OPERATIONS

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2022</b>	2021
	<b>(unaudited)</b>	(unaudited)
	<b>HK\$'000</b>	<b>HK\$'000</b>
Loss from operations is arrived at after charging/(crediting):		
Depreciation expenses of:		
– owned property, plant and equipment*	493	95
– right-of-use assets included within:**		
– properties leased for own use	<u>1,183</u>	<u>119</u>
	<u>1,676</u>	<u>214</u>
Loss/(gain) on disposal of:		
– owned property, plant and equipment	<u>11</u>	<u>(210)</u>
	<u>11</u>	<u>(210)</u>
(Reversal of impairment)/impairment loss on:		
– owned property, plant and equipment	–	363
– right-of-use assets included within properties leased for own use	<u>–</u>	<u>(329)</u>
	<u>–</u>	<u>34</u>
Net foreign exchange loss/(gain)	2,551	(238)
Short term leases expenses	204	165
Variable lease payments not included in the measurement of lease liabilities	64	5
Staff costs (including directors' remuneration)		
– Salaries	8,078	6,939
– Retirement scheme contribution	306	285
– share-based payment expenses	<u>535</u>	<u>13</u>
	<u>8,919</u>	<u>7,237</u>

- \* Depreciation expenses of owned property, plant and equipment have been included in:
- cost of sales of approximately HK\$371,000 for the six months ended 30 September 2022 (2021: Nil);
  - selling and distribution costs of approximately HK\$3,000 for the six months ended 30 September 2022 (2021: HK\$55,000); and
  - administrative expenses of approximately HK\$119,000 for the six months ended 30 September 2022 (2021: HK\$40,000).
- \*\* All depreciation expenses of right-of-use assets have been included in administrative expenses for the periods.

## 6. FINANCE COSTS

	<b>Six months ended 30 September</b>	
	<b>2022</b>	2021
	<b>(unaudited)</b>	(unaudited)
	<b>HK\$'000</b>	HK\$'000
Interest on lease liabilities	<b>110</b>	204
	<u><u>110</u></u>	<u><u>204</u></u>

## 7. INCOME TAX CREDIT

	<b>Six months ended 30 September</b>	
	<b>2022</b>	2021
	<b>(unaudited)</b>	(unaudited)
	<b>HK\$'000</b>	HK\$'000
Current tax – Hong Kong Tax for the period	–	(213)
	<u><u>–</u></u>	<u><u>(213)</u></u>

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (the “BVI”), the Group is not subject to any taxation under the jurisdiction of the Cayman Islands and the BVI during the six months ended 30 September 2021 and 2022 respectively.

Hong Kong profits tax is calculated at 16.5% on the estimated assessable profits for the six months ended 30 September 2021 and 2022, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered profits tax rate regime and is calculated at 8.25% on the first HK\$2 million of estimated assessable profits and at 16.5% for the portion of the estimated assessable profits above HK\$2 million. No Hong Kong profits tax has been provided for the six months ended 30 September 2022 as there is no assessable profits arising in Hong Kong for the period.

Subsidiaries of the Company established in the PRC is subjected to PRC enterprise income tax at the rate of 25%. No PRC enterprise income tax has been provided as there is no assessable profit arising in the PRC for the period.

## 8. LOSS PER SHARE

The calculation of the basic loss per share is based on the loss for the period attributable to owners of the Company of approximately HK\$3,982,000 (six months ended 30 September 2021: HK\$7,163,000) and the weighted average number of ordinary shares in issue of 509,859,000 (six months ended 30 September 2021: 509,859,000) during the period.

No diluted loss per share is presented for six months ended 30 September 2021 and 2022 as the adjusted exercise price of the Company's share options was higher than the average market price for shares during the periods when those options are outstanding.

## 9. INTERIM DIVIDEND

The Directors do not recommend the payment of any interim dividend for the six months ended 30 September 2022 (six months ended 30 September 2021: Nil).

## 10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2022, the Group incurred capital expenditures of approximately HK\$225,000 (six months ended 30 September 2021: HK\$10,000) in leasehold improvements, approximately HK\$49,000 (six months ended 30 September 2021: HK\$64,000) in office equipment, and nil (six months ended 30 September 2021: HK\$650,000) in motor vehicle.

During the six months ended 30 September 2022, right-of-use assets included within a property newly leased for own use amounted to approximately HK\$1,538,000 has been recognised (six months ended 30 September 2021: HK\$4,289,000) and lease modifications resulted from extension of leases amounted to approximately HK\$1,817,000 has been recognised. During the six months ended 30 September 2022, a gain resulted from an early termination of lease amounted to approximately HK\$4,167,000 (six months ended 30 September 2021: nil) has been recognised.

During the six months ended 30 September 2021, losses on travel and travel/wedding related business segment caused the Group to assess the recoverable amount of the property, plant and equipment. Based on the assessment, an impairment loss of approximately HK\$34,000 was recognised and charged to the condensed consolidated statement of comprehensive income for six months ended 30 September 2021. The recoverable amounts of these property, plant and equipment using value in use calculation were determined by the discounted cash flows generated from these travel and travel related and wedding related business based on a management budget plan and a pre-tax discount rate of 14%.

## 11. TRADE RECEIVABLES

The ageing analysis of trade receivables, based on the invoice dates, is as follows:

	<b>30 September 2022 (unaudited) HK\$'000</b>	31 March 2022 (audited) HK\$'000
0-30 days	24	169
31-90 days	–	22
Over 90 days	–	62
	<u>24</u>	<u>253</u>

The Group has a policy of allowing customers with credit periods normally within 30 days. Overdue balances are reviewed regularly by the Group's management.

## 12. TRADE PAYABLES

The Group was granted by its suppliers for credit periods normally within 30 days. The ageing analysis of trade payables, based on the invoice dates, is as follows:

	<b>30 September 2022 (unaudited) HK\$'000</b>	31 March 2022 (audited) HK\$'000
0-30 days	3,131	841
31-90 days	2,075	137
Over 90 days	3,400	3,354
	<u>8,606</u>	<u>4,332</u>

## 13. SHARE CAPITAL

	<b>30 September 2022</b>		<b>31 March 2022</b>	
	Number of shares (unaudited) '000	Amount (unaudited) HK\$'000	Number of shares (audited) '000	Amount (audited) HK\$'000
<b>Authorised:</b>				
Ordinary shares of HK\$0.01 each	<u>2,000,000</u>	<u>20,000</u>	<u>2,000,000</u>	<u>20,000</u>
<b>Issued and fully paid:</b>				
Ordinary shares of HK\$0.01 each At 1 April 2021, 31 March 2022, 1 April 2022 and 30 September 2022	<u>509,859</u>	<u>5,099</u>	<u>509,859</u>	<u>5,099</u>

## **INTERIM DIVIDEND**

The Board has resolved not to declare an interim dividend for the six months ended 30 September 2022 (2021: Nil).

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **OVERVIEW**

For the six months ended 30 September 2022 (the “Period”), the business operations and financial performance of the Group continued to be adversely affected by the Coronavirus Disease 2019 (“COVID-19”) pandemic. As many countries in the world has implemented relaxed COVID-19 preventive and control measures, we saw a glimmer of hope that the long-frozen global tourism industry began to a gradually yet slowly recovery. For the Period, the Group’s total customer sales proceeds was HK\$48.5 million, representing an increase of 99.6% as compared with HK\$24.3 million for the corresponding period last year. The total revenue was HK\$9.0 million, representing an increase of 130.8% as compared with HK\$3.9 million for the corresponding period last year. The loss attributable to owners of the Company was HK\$4.0 million (2021: HK\$7.2 million). The loss per share attributable to owners of the Company was HK0.8 cents (2021: HK1.4 cents). The Board has resolved not to declare an interim dividend for the Period (2021: Nil).

### **BUSINESS REVIEW**

The Group’s retail FIT (free independent travellers) business is operated mainly through Travel Expert Limited (專業旅運有限公司) (“Travel Expert”), which is the core focus of the Group. During the Period, the Hong Kong Government continued to enforce strict border control measures to contain the COVID-19 pandemic, which greatly affected leisure travel sentiment. The business operation and performance of this business line remained adversely impacted by the COVID-19 pandemic. Facing the difficult operating environment, the Group continued to implement stringent cost control measures to reduce operating costs and rental expenses. The Consumption Voucher Scheme launched by the government during the Period encouraged consumer spending and caused a positive impact on the demand for local one-day tours and staycation packages. Thus, the Group provided a wide variety of choices of local hotel packages and one-day tours to cater for customers’ different preferences. With the gradually relaxed travel restrictions and social distance requirements in many countries, we are glad to see that the demand for outbound travel products increased slightly. Coupled with the recent relaxation of the mandatory quarantine requirements imposed by the Hong Kong Government, the performance of this business line was on an improving trend. The management kept monitoring the market conditions and adopted flexible measures to align with the market needs.

The Group’s online business is operated through the online trading platform [www.texpert.com](http://www.texpert.com) that focused on selling travel products like theme park tickets, train and bus tickets, boat tickets and etc. Through this sales channel, the Group also promoted a wide range of staycation packages of local hotels and local one-day local tours to enable customers to enjoy vacations or visiting local attractions amid times of combating the pandemic.

The Group's tour operation is mainly operated by Premium Holidays Limited (尊賞假期有限公司) ("Premium Holidays") with focus on operating high-end long haul tours business. During the Period, this business line continued to be deeply impacted by the COVID-19 pandemic. The outbound package tours of this business line have halted since mid-March 2020. To overcome the effect from COVID-19, the management continued to implement various cost control measures so as to optimize staff structure and enhance operational efficiency. During the Period, many countries have been loosening measures of restriction as they started resuming business and social activities, yet, strict travel restrictions and quarantine measures in Hong Kong were still in force. The management strived to keep the business afloat by offering a wide range of services and activities of local one-day tours with different attractions to enable customers to enjoy domestic leisure experiences. The management will continuously monitor the travel restrictions and traveller quarantine arrangements so as to catch up any opportunities arose in the market.

In addition to the ordinary travel business segment, our investment activities using the Group's surplus funds allocated under the approved investment cap are conducted by Travel Expert Asset Management Limited (專業旅運資產管理有限公司) ("Travel Expert Asset Management"). During the Period, the business recorded a loss on disposal of financial assets/liabilities at fair value through profit or loss of HK\$466,000 (2021: loss of HK\$581,000) and the fair value loss on financial assets/liabilities at fair value through profit or loss was nil (2021: loss of HK\$113,000). We will continue to closely monitor the market situation and make investment decisions prudently in order to help the Group to better utilize its surplus fund and contributed to its bottom line.

During the Period, the performance of the food and beverage business under the brand name of "Café Another" was not satisfactory. The management continued to enhance its service and food variety and quality so as to boost sales. We also adopted flexible measures and strategies to navigate the challenging operating environment.

## **FINANCIAL REVIEW**

### **Other Income and Gains**

Total other income and gains increased by HK\$3.9 million from HK\$3.4 million for the six months ended 30 September 2021 to HK\$7.3 million for the Period. Such increase was mainly attributed to the increase in the government grants from HK\$1.4 million to HK\$2.0 million and the gain on early termination of lease from nil to HK\$4.2 million.

### **Selling and Distribution Costs**

For the Period, selling and distribution costs amounted to HK\$6.1 million, representing an increase of 17.3% from HK\$5.2 million for the corresponding period last year.

The global outbreak of COVID-19 has deeply impacted on the Group's business. However, as many countries eased travel restrictions and lifted compulsory quarantine requirements, the demand for travel products increased and thus the selling and distribution costs increased. During the Period, in view of the impacts of the COVID-19 pandemic, the Group strived to reduce the frontline staff cost, frontline headcounts and sales commission expenses and other staff costs. In response to the challenging operating operation environment caused by COVID-19, the Group continued to carry out strict cost control measures and strived to maintain a reasonable selling and distribution costs level. The Group will also adopt other measures to maintain both the competitiveness and cost effectiveness of its branch network in accordance with market conditions. As at 30 September 2022, the Group operated a total of 5 retail shops in Hong Kong under the brand names of Travel Expert, Premium Holidays and Cafe Another.

### **Administrative Expenses**

For the Period, administrative expenses amounted to HK\$11.1 million, representing an increase of 38.8% from HK\$8.0 million for the corresponding period last year, which was mainly due to the exchange loss of HK\$2.6 million mainly resulted from the depreciation of Renminbi recorded in the period.

Currently, the Group has one back office location in Hong Kong and one in Shenzhen. With our efforts, we managed to maintain the overall administrative expenses to a more reasonable level. In order to retain our strength through managing our costs and working capital by preserving cash in this difficult time, the Group will continue to adopt strict cost control measures on administrative expenses by better allocation of back office resources and streamlining existing working process.

### **Finance Cost**

Finance cost of the Group for the Period was HK\$110,000, which was related to the interest on lease liabilities (2021: HK\$204,000).

### **Liquidity, Financial Resources and Capital Resources**

The Group generally finances its liquidity requirements through internally generated resources and will only finance with available banking facilities whenever necessary. For the Period, the Group had an operating cash inflow of approximately HK\$1.3 million (2021: cash outflow of HK\$7.2 million) and the net assets value as at 30 September 2022 was HK\$57.7 million (as at 31 March 2022: HK\$61.2 million). Including the time deposits over three months, the Group had total cash and cash equivalents of HK\$64.7 million as at 30 September 2022 (as at 31 March 2022: HK\$68.6 million). The Group had a portfolio of financial assets at fair value through profit or loss of HK\$48,000 as at 30 September 2022 (as at 31 March 2022: HK\$2.2 million).

As at 30 September 2022, the Group did not have any outstanding bank borrowing (as at 31 March 2022: Nil)

## **Contingent Liabilities**

The Group did not have any contingent liabilities as at 30 September 2022.

## **Capital Commitments**

As at 30 September 2022, the Group had commitment in respect of capital expenditure were contracted but not provided for the acquisition of property, plant and equipment of HK\$415,000 (as at 31 March 2022: HK\$172,000).

## **Pledge of Assets**

As at 30 September 2022, the Group's bank deposits of HK\$7.6 million were pledged to a broker and banks to secure derivative financial instruments and banking facilities granted to the Group (as at 31 March 2022: HK\$5.0 million).

## **Foreign Exchange Risks and Treasury Policies**

The Group has foreign currency exposures that mainly arise from the balance of assets and liabilities in currencies other than in Hong Kong dollar, the Group's functional currency. The Group's policy requires the management to monitor the Group's foreign exchange exposure by closely monitoring the movement of foreign currency rates. The management may purchase foreign currency at spot rate, when and where appropriate for the purpose of meeting the Group's future payment obligation in foreign currency. With the setup of Travel Expert Asset Management together with the extension of investment scope, the Group may use more financial tools such as foreign exchange forward contracts and currency futures etc. to manage the foreign exchange risks. For the Period, the Group recorded an exchange loss of approximately HK\$2.6 million, which was mainly due to depreciation of Renminbi (2021: an exchange gain of approximately HK\$238,000).

## **Human Resources and Employee's Remuneration**

As at 30 September 2022, the Group had a total workforce of 90 (as at 31 March 2022: 92), of which about 46.7% were frontline staff. Employees' remuneration packages are determined with reference to the market information and individual performance and will be reviewed on a regular basis. Other benefits include contributions to mandatory provident fund and medical insurance coverage. In addition, the Group has adopted a share option scheme (the "Share Option Scheme") on 6 September 2011 to recognize the contributions of our staff and to provide them with incentives to stay with the Group. Share options were granted to certain eligible persons and Directors of the Company. The Share Option Scheme was terminated on 29 September 2022 and the options granted prior to the termination remain valid for exercise. The remuneration policy will be reviewed by the Board from time to time. Emoluments of Directors are determined by the Remuneration Committee after considering the Group's operating results, individual performance and comparing with market conditions.

## **OUTLOOK**

Looking ahead, though the global economy has continued to recover, the operating environment of the tourism sector is expected to remain difficult as the volatile pandemic situation remains uncertainty. However, the relaxation of travel restrictions and border control measures is pivotal to the recovery of tourism industry. It is gratifying to see that eased travel restrictions in many countries coupled with the gradual relaxation of pandemic control measures in Hong Kong stimulated more and more customers to have a higher intent to travel around and start making travelling plans. The sale of FIT products, such as air tickets and hotel accommodations, is on an improving trend. Having halted for more than two years, the first package tour of Premium Holidays has departed on 8 October 2022 to Germany. Several long-haul package tours have been departed in November 2022 and some will be departed in December 2022.

The Group will continue to take proactive measures and strategies to enable the Group to reach sustainable profitability despite the current challenging operating environment. The management is of the view that the Group has sufficient working capital to support the Group's operation needs. We are well-positioned in the market on providing quality services and products and will continue to strength our competitiveness. The Group remains focused on delivering long term value for stakeholders. The Group will continue to impose prudent business policy and financial management so as to overcome the challenges ahead and regain the leading market position.

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

During the six months ended 30 September 2022, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

## **CORPORATE GOVERNANCE**

During the Period, the Company has complied with all the code provisions set out in the Corporate Governance Code in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

## **REVIEW OF INTERIM RESULTS**

The Audit Committee has reviewed and discussed with the management the interim results for the Period.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" set out in Appendix 10 of the Listing Rules ("Model Code") as the code of conduct regarding securities transactions by the Directors.

Having made specific enquiry of all Directors, the Directors of the Company confirmed that they have complied with the required standard set out in the Model Code during the Period.

## **PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT**

This interim results announcement of the Group for the Period is published on the websites of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company at [www.tegroup.com.hk](http://www.tegroup.com.hk). The interim report will be published on the same websites and dispatched to shareholders in due course.

By order of the Board  
**Travel Expert (Asia) Enterprises Limited**  
**Ko Wai Ming, Daniel**  
*Chairman*

Hong Kong, 29 November 2022

*As at the date of this announcement, the Executive Directors of the Company are Mr. Ko Wai Ming, Daniel and Ms. Cheng Hang Fan; and the Independent Non-executive Directors of the Company are Mr. Chau Kwok Wing, Kelvin, Mr. Mak King Sau and Mr. Yung Ha Kuk, Victor.*