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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 2023**

### **FINANCIAL HIGHLIGHTS**

- Total customer sales proceeds for the period was HK\$219.2 million, representing an increase of 352.0% from HK\$48.5 million for the corresponding period last year.
- Revenue for the period was HK\$59.5 million, representing an increase of 561.1% from HK\$9.0 million for the corresponding period last year.
- The profit for the period attributable to owners of the Company was HK\$1.6 million (2022: loss attributable to owners of the Company of HK\$4.0 million).
- Earnings per share attributable to owners of the Company for the period was HK0.3 cents (2022: loss per share of HK0.8 cents).
- The Board has resolved not to declare an interim dividend for the six months ended 30 September 2023 (2022: 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 2023 together with comparative figures.

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
*For the six months ended 30 September 2023*

		<b>Six months ended</b>	
		<b>30 September</b>	
		<b>2023</b>	2022
		<b>(unaudited)</b>	(unaudited)
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Revenue</b>	4	<b>59,549</b>	8,988
Cost of sales		<u>(29,545)</u>	<u>(2,453)</u>
<b>Gross profit</b>		<b>30,004</b>	6,535
Other income and gains	4	<b>3,718</b>	7,287
Selling and distribution costs		<b>(18,486)</b>	(6,119)
Administrative and other operating expenses		<b>(13,206)</b>	(11,110)
Fair value loss on financial assets/liabilities at fair value through profit or loss		<u>(166)</u>	<u>(466)</u>
<b>Profit/(loss) from operations</b>	5	<b>1,864</b>	(3,873)
Finance costs	6	<u>(258)</u>	<u>(110)</u>
<b>Profit/(loss) before income tax</b>		<b>1,606</b>	(3,983)
Income tax expense	7	<u>—</u>	<u>—</u>
<b>Profit/(loss) for the period</b>		<u><b>1,606</b></u>	<u>(3,983)</u>
<b>Other comprehensive income</b>			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations		<u>(8)</u>	<u>(48)</u>
<b>Other comprehensive income for the period</b>		<u>(8)</u>	<u>(48)</u>
<b>Total comprehensive income for the period</b>		<u><b>1,598</b></u>	<u>(4,031)</u>

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2023</b>	2022
	<b>(unaudited)</b>	(unaudited)
<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Profit/(loss) for the period attributable to:</b>		
Owners of the Company	<b>1,609</b>	(3,982)
Non-controlling interests	<b>(3)</b>	(1)
	<u><b>1,606</b></u>	<u>(3,983)</u>
<b>Total comprehensive income</b>		
<b>for the period attributable to:</b>		
Owners of the Company	<b>1,601</b>	(4,030)
Non-controlling interests	<b>(3)</b>	(1)
	<u><b>1,598</b></u>	<u>(4,031)</u>
<b>Earnings/(loss) per share attributable to</b>		
<b>owners of the Company</b>	<b>8</b>	
– Basic	<b>HK 0.3 cents</b>	HK (0.8) cents
– Diluted	<b>HK 0.3 cents</b>	HK (0.8) cents

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 30 September 2023*

		30 September 2023 (unaudited) <i>HK\$'000</i>	31 March 2023 (audited) <i>HK\$'000</i>
	<i>Notes</i>		
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	<i>10</i>	11,314	5,820
Intangible assets		475	594
Prepayments and deposits		3,839	3,110
		15,628	9,524
<b>Current assets</b>			
Inventories		1,786	2,067
Trade receivables	<i>11</i>	–	71
Prepayments, deposits and other receivables		18,418	8,540
Financial assets at fair value through profit or loss		13	–
Pledged deposits		14,566	10,958
Time deposits with original maturity over three months		40,569	22,877
Cash and cash equivalents		50,582	51,324
		125,934	95,837
<b>Current liabilities</b>			
Trade payables	<i>12</i>	24,395	15,669
Accrued charges and other payables		16,182	10,740
Contract liabilities		27,975	11,546
Lease liabilities		6,337	5,350
Provisions		–	152
		74,889	43,457
<b>Net current assets</b>		51,045	52,380
<b>Total assets less current liabilities</b>		66,673	61,904

		<b>30 September 2023 (unaudited) <i>HK\$'000</i></b>	31 March 2023 (audited) <i>HK\$'000</i>
	<i>Notes</i>		
<b>Non-current liabilities</b>			
Lease liabilities		4,536	2,137
Provisions		877	172
		<u>5,413</u>	<u>2,309</u>
<b>Net assets</b>		<b><u>61,260</u></b>	<b><u>59,595</u></b>
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	13	5,099	5,099
Reserves		55,989	54,321
		<u>61,088</u>	<u>59,420</u>
<b>Non-controlling interests</b>		<b><u>172</u></b>	<b><u>175</u></b>
<b>Total equity</b>		<b><u>61,260</u></b>	<b><u>59,595</u></b>

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

*For the six months ended 30 September 2023*

### **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 travel/wedding related products, sales of package tours, food and beverage and investment in treasury activities.

The condensed consolidated interim financial statements for the six months ended 30 September 2023 were approved and authorised for issue by the board of directors on 29 November 2023.

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

These condensed consolidated interim financial statements for the six months ended 30 September 2023 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 2023.

Entry restrictions, quarantine requirements, visa suspension were gradually cancelled or lift up in many countries. Furthermore, normal travel between Hong Kong and the Mainland was fully resumed starting from February 2023. Since then, the performance of the Group has improved, and the number of customers has started to rebound. Given the major hurdle affecting the Group's business performance no longer existed and considering that the Group had sufficient financial resources to support future operations and continue as a going concern, accordingly, the directors of the Company considered that it is appropriate to prepare the Group's condensed consolidated interim financial statements on a going concern basis.

### **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 2023, 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 2023.

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 sales of travel/wedding related products, sales of package tours, food and beverage 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>2023</b>	<b>2022</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
	<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>23,939</b>	6,914
Sales of package tours ( <i>note (a)</i> )	<b>33,431</b>	92
Sales of food and beverage ( <i>note (a)</i> )	<b>2,179</b>	1,982
	<b>59,549</b>	8,988
<b>Other income and gains</b>		
Interest income on deposits in banks and financial institutions measured at amortised cost	<b>1,175</b>	527
Sponsorship and joint advertising income	<b>421</b>	1
Government grants ( <i>note (b)</i> )	<b>684</b>	1,996
Gain on disposal of property, plant and equipment	<b>347</b>	–
Gain on lease modifications	<b>–</b>	4,167
Sundry income	<b>1,091</b>	596
	<b>3,718</b>	7,287
<b>Total revenue, other income and gains</b>	<b>63,267</b>	16,275

Notes:

(a) **Customer sales proceeds received/receivable during the period**

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2023</b>	<b>2022</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Gross sales proceeds related to provision of services relating to sales of travel/wedding related products*	<b>183,572</b>	46,407
Sales of package tours	<b>33,431</b>	92
Sales of food and beverage	<b>2,179</b>	1,982
	<hr/>	<hr/>
Total customer sales proceeds	<b>219,182</b>	48,481
	<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 a principal 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**

During the six months ended 30 September 2023, approximately HK\$684,000 (2022: HK\$702,000) 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 or loss.

Included in profit or loss for the six months ended 30 September 2022 was approximately HK\$1,294,000 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.



## 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		Total	
	Six months ended		Six months ended		Six months ended		Six months ended	
	30 September		30 September		30 September		30 September	
	2023	2022	2023	2022	2023	2022	2023	2022
(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Revenue from external customers	57,370	7,006	2,179	1,982	-	-	59,549	8,988
Reportable segment revenue	57,370	7,006	2,179	1,982	-	-	59,549	8,988
Reportable segment profit/(loss)	10,724	734	(304)	(868)	(1,103)	(2,678)	9,317	(2,812)
Interest income	45	19	-	-	556	376	601	395
Finance costs	(193)	(59)	(28)	(51)	-	-	(221)	(110)
Amortisation of intangible assets	(119)	-	-	-	-	-	(119)	-
Depreciation of property, plant and equipment	(2,187)	(587)	-	(1,089)	-	-	(2,187)	(1,676)
Fair value loss on financial assets/liabilities at fair value through profit or loss	-	-	-	-	(166)	(466)	(166)	(466)
	Travel and travel/wedding related business		Food and beverage business		Treasury activities		Total	
	At	At	At	At	At	At	At	At
	30 September	31 March	30 September	31 March	30 September	31 March	30 September	31 March
	2023	2023	2023	2023	2023	2023	2023	2023
(unaudited)	(audited)	(unaudited)	(audited)	(unaudited)	(audited)	(unaudited)	(audited)	
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Reportable segment assets	55,709	36,107	902	892	37,655	40,070	94,266	77,069
Additions to non-current segment assets during the period/year	5,685	4,644	-	118	-	-	5,685	4,762
Reportable segment liabilities	76,408	40,883	1,632	2,398	10	19	78,050	43,300

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>2023</b>	2022
	<b>(unaudited)</b>	(unaudited)
	<b>HK\$'000</b>	HK\$'000
Reportable segment revenue	<u>59,549</u>	<u>8,988</u>
<b>Group revenue</b>	<b><u>59,549</u></b>	<b><u>8,988</u></b>
Reportable segment profit/(loss)	<b>9,317</b>	(2,812)
Corporate expenses, net	<u>(7,711)</u>	<u>(1,171)</u>
<b>Profit/(loss) before income tax</b>	<b><u>1,606</u></b>	<b><u>(3,983)</u></b>
	<b>At</b>	<b>At</b>
	<b>30 September</b>	<b>31 March</b>
	<b>2023</b>	<b>2023</b>
	<b>(unaudited)</b>	<b>(audited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Reportable segment assets	<b>94,266</b>	77,069
Corporate assets	<u>47,296</u>	<u>28,292</u>
<b>Group assets</b>	<b><u>141,562</u></b>	<b><u>105,361</u></b>
Reportable segment liabilities	<b>78,050</b>	43,300
Corporate liabilities	<u>2,252</u>	<u>2,466</u>
<b>Group liabilities</b>	<b><u>80,302</u></b>	<b><u>45,766</u></b>

The Group's revenue from external customers and its non-current assets (excluded those relating to financial instruments) are divided into the following geographical locations:

	<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>2023</b>	2022	<b>2023</b>	2023
	<b>(unaudited)</b>	(unaudited)	<b>(unaudited)</b>	(audited)
	<b>HK\$'000</b>	HK\$'000	<b>HK\$'000</b>	HK\$'000
Hong Kong (domicile)	<b>59,549</b>	8,987	<b>13,733</b>	7,457
The People's Republic of China ("PRC") excluding Hong Kong	<u>-</u>	<u>1</u>	<u>-</u>	<u>-</u>
	<b><u>59,549</u></b>	<b><u>8,988</u></b>	<b><u>13,733</u></b>	<b><u>7,457</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 center 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. PROFIT/(LOSS) FROM OPERATIONS

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2023</b>	2022
	<b>(unaudited)</b>	(unaudited)
	<b>HK\$'000</b>	<b>HK\$'000</b>
Profit/(loss) from operations is arrived at after charging/(crediting):		
Depreciation of property, plant and equipment:		
– Owned property, plant and equipment*	350	493
– Properties and office equipment leased for own use**	2,662	1,183
	<u>3,012</u>	<u>1,676</u>
(Gain)/loss on disposal of:		
– Owned property, plant and equipment	(347)	11
	<u>(347)</u>	<u>11</u>
Amortisation of intangible assets	119	–
Net foreign exchange loss	1,349	2,551
Short-term leases expenses	205	204
Variable lease payments not included in the measurement of lease liabilities	124	64
Staff costs (including directors' remuneration)		
– Salaries and other benefits	19,508	8,078
– Retirement scheme contribution	753	306
– Share-based payments	67	535
	<u>20,328</u>	<u>8,919</u>

- \* Depreciation expenses of owned property, plant and equipment have been included in:
- no depreciation expenses have been included in cost of sales for the six months ended 30 September 2023 (2022: HK\$371,000);
  - selling and distribution costs of approximately HK\$188,000 for the six months ended 30 September 2023 (2022: HK\$3,000); and
  - administrative and other operating expenses of approximately HK\$162,000 for the six months ended 30 September 2023 (2022: HK\$119,000).
- \*\* Depreciation expenses of properties and office equipment leased for own use have been included in:
- selling and distribution costs of approximately HK\$1,999,000 for the six months ended 30 September 2023 (2022: nil); and
  - administrative and other operating expenses of approximately HK\$663,000 for the six months ended 30 September 2023 (2022: HK\$1,183,000).

## 6. FINANCE COSTS

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2023</b>	2022
	<b>(unaudited)</b>	(unaudited)
	<b>HK\$'000</b>	HK\$'000
Interest on lease liabilities	<b>258</b>	110

## 7. INCOME TAX EXPENSE

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2023</b>	2022
	<b>(unaudited)</b>	(unaudited)
	<b>HK\$'000</b>	HK\$'000
<b>Current tax – Hong Kong</b>		
Tax for the period	–	–

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 2023 and 2022 respectively.

Hong Kong profits tax is calculated at 16.5% on the estimated assessable profits for the six months ended 30 September 2023 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.

Subsidiaries of the Company established in the PRC is subjected to PRC enterprise income tax at 25%. No PRC enterprise income tax has been provided as the Group did not generate any assessable profits in the PRC during the six months ended 30 September 2023 and 2022.

## 8. EARNINGS/(LOSS) PER SHARE

The calculation of the basic earnings per share is based on the profit for the period attributable to owners of the Company of approximately HK\$1,609,000 (six months ended 30 September 2022: basic loss per share based on the loss attributable to owners of the Company of approximately HK\$3,982,000) and the weighted average number of ordinary shares in issue of 509,859,000 (six months ended 30 September 2022: 509,859,000) during the period.

No diluted earnings per share and loss per share is presented for six months ended 30 September 2023 and 2022, respectively 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 has resolved not to declare an interim dividend for the six months ended 30 September 2023 (six months ended 30 September 2022: Nil).

## 10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2023, the Group incurred capital expenditures of approximately HK\$384,000 (six months ended 30 September 2022: HK\$225,000) in leasehold improvements, approximately HK\$391,000 (six months ended 30 September 2022: HK\$49,000) in office equipment, approximately HK\$71,000 (six months ended 30 September 2022: Nil) in furniture and fixtures and approximately HK\$578,000 (six months ended 30 September 2022: Nil) in motor vehicle.

During the six months ended 30 September 2023, right-of-use assets included within properties newly leased for own use amounted to approximately HK\$4,412,000 has been recognised (six months ended 30 September 2022: HK\$1,538,000) and lease modification resulted from extension of lease amounted to approximately HK\$2,753,000 has been recognised (six months ended 30 September 2022: HK\$1,817,000). During the six months ended 30 September 2023, no gain or loss resulted from an early termination of lease has been recognised (six months ended 30 September 2022: gain of approximately HK\$4,167,000).

## 11. TRADE RECEIVABLES

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

	<b>30 September 2023 (unaudited) HK\$'000</b>	31 March 2023 (audited) HK\$'000
0-30 days	–	71
31-90 days	–	–
Over 90 days	–	–
	<hr/>	<hr/>
	–	71
	<hr/> <hr/>	<hr/> <hr/>

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 is 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 2023 (unaudited) HK\$'000</b>	31 March 2023 (audited) HK\$'000
0-30 days	19,248	10,717
31-90 days	2,593	2,324
Over 90 days	2,554	2,628
	<u>24,395</u>	<u>15,669</u>

## 13. SHARE CAPITAL

	<b>30 September 2023</b>		31 March 2023	
	<b>Number of shares (unaudited) '000</b>	<b>Amount (unaudited) HK\$'000</b>	Number of shares (audited) '000	Amount (audited) HK\$'000
<b>Authorised:</b>				
Ordinary shares of HK\$0.01 each At 1 April 2022, 31 March 2023, 1 April 2023 and 30 September 2023	<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 2022, 31 March 2023, 1 April 2023 and 30 September 2023	<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 2023 (2022: Nil).

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **OVERVIEW**

For the six months ended 30 September 2023 (the “Period”), due the removal of travel restrictions and pandemic control measures, the business operations and financial performance of the Group obtained a significant improvement and achieved a turnaround from loss to profit. For the Period, the Group’s total customer sales proceeds was HK\$219.2 million, representing a significant increase of 352.0% as compared with HK\$48.5 million for the corresponding period last year. The total revenue was HK\$59.5 million, representing a significant increase of 561.1% as compared with HK\$9.0 million for the corresponding period last year. The profit attributable to owners of the Company was HK\$1.6 million (2022: loss of HK\$4.0 million). The earnings per share attributable to owners of the Company was HK0.3 cents (2022: loss per share of HK0.8 cents). The Board has resolved not to declare an interim dividend for the Period (2022: 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 lifting of travel restrictions and pandemic control measures and the gradual resumption of international flights drove the robust recovery of the travel industry. The Group has been preparing for the market recovery by adopting flexibly strategy, expanding branch network, enhancing product mix and adjusting frontline staff deployment to cope with increasing demand for travel products. We opened a new shop in Hang Lung Centre, Causeway Bay, to better serve customers and to grasp the business opportunities during the market recovery. Despite the passing of the pandemic, the Group continued to face various challenges. The shortage of labour has inevitably affected our business growth. Therefore, the Group has stepped up its efforts in recruiting staff. Furthermore, the number of flights has not yet resumed to the pre-pandemic level and affected travel planning. The Group increased resources in sales and product management to strengthen its competitiveness and ability to be resilient in order to achieve business growth.

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, hotel packages and etc. During the Period, we continued to put efforts in enhancing this online trading platform and backend system support. Through this sales channel, the Group promoted different travelling packages and a wide range of local hotel packages, one-day local tours, package tours to the Mainland China and South East Asia and etc. to enable customers to enjoy vacations or visiting attractions with different features.

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, benefiting from the recovery of the travel industry and the resumption of flights, customers' travel sentiment gradually returned to the pre-pandemic level. As such, this business line recorded a business growth and its deposits paid to suppliers and the deposits received from customers also increased significantly. During the period, the package tours to the Mainland China, such as Sichuan, Tibet, Xinjiang and Inner Mongolia were well received by customers and boosted the sales performance. These exotic destinations and cultural tour routes enabled customers to enjoy dynamic cultural differences and diversity of travelling experiences. The long-haul package tours to Northern Europe, Mediterranean Sea, South American and Iceland and etc. continued to record a stable growth. During the Period, this business line opened a branch in Hang Lung Centre, Causeway Bay, to expand its branch network. It also spent efforts in recruiting additional experienced staff to tap into the growth driven by post-pandemic market recovery. The Group will continue to explore tour routes to destinations with unique cultural landmark and landscape to address customer preferences and the latest market trends. Although the challenges and market uncertainty caused by the pandemic has cleared, shortage of labour continued to negatively affect the business growth. In addition, the number of flights has not reached the pre-pandemic level and slowed the pace of recovery. Nevertheless, in face of such challenges and any uncertainty ahead, the Group remained prudent on business plan and strategy so to achieve business growth.

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 fair value loss on financial assets at fair value through profit or loss of HK\$166,000 (2022: HK\$466,000). 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.

The loss in segment of the food and beverage business under the brand name of "Café Another" was decreased from HK\$868,000 for the six months ended 30 September 2022 to HK\$304,000 for the Period. The management continued to enhance its service and food variety and quality so as to boost sales.

## **FINANCIAL REVIEW**

### **Other Income and Gains**

Total other income and gains decreased by HK\$3.6 million from HK\$7.3 million for the six months ended 30 September 2022 to HK\$3.7 million for the Period. Such decrease was mainly due to the gain on early termination of lease of HK\$4.2 million for the six months ended 30 September 2022.

### **Selling and Distribution Costs**

For the Period, selling and distribution costs amounted to HK\$18.5 million, representing an increase of 203.3% from HK\$6.1 million for the corresponding period last year.



The increase of selling and distribution costs was mainly due to increase of frontline staff cost that was contributed by the increase of frontline headcounts and sales commission expenses and other staff costs. The recovery of the travel industry boosted the sales of the Group's travel and travel related business. Therefore, we opened 2 new shops during the Period to grab the opportunity in the market recovery. Nevertheless, the Group carried out prudent financial management 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 2023, the Group operated a total of 10 retail shops in Hong Kong under the brand names of Travel Expert and Premium Holidays.

### **Administrative and Other Operating Expenses**

For the Period, administrative and other operating expenses amounted to HK\$13.2 million, representing an increase of 18.9% from HK\$11.1 million for the corresponding period last year, which was mainly due to the increase in staff costs (including salaries and bonus).

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 and other operating expenses to a more reasonable level. In order to retain our strength through managing our costs and working capital by preserving cash, the Group will continue to adopt strict cost control measures on administrative and other operating 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\$258,000 (2022: HK\$110,000), which was related to the interest on lease liabilities.

### **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\$24.8 million (six months ended 30 September 2022: HK\$1.3 million) and the net assets value as at 30 September 2023 was HK\$61.3 million (as at 31 March 2023: HK\$59.6 million). Including the time deposits with original maturity over three months, the Group had total cash and cash equivalents of HK\$91.2 million as at 30 September 2023 (as at 31 March 2023: HK\$74.2 million). The Group had a portfolio of financial assets at fair value through profit or loss of HK\$13,000 as at 30 September 2023 (as at 31 March 2023: Nil).

As at 30 September 2023, the Group did not have any outstanding bank borrowing (as at 31 March 2023: Nil).

## **Contingent Liabilities**

The Group did not have any contingent liabilities as at 30 September 2023.

## **Capital Commitments and Other Commitments**

As at 30 September 2023, the Group had commitments in respect of capital expenditure were contracted but not provided for the acquisition of property, plant and equipment of HK\$100,000 (as at 31 March 2023: Nil) and intangible assets of HK\$10,000 (as at 31 March 2023: HK\$711,000) and the total future lease payment for lease committed but not yet commenced over the non-cancellable period of HK\$3.6 million (as at 31 March 2023: HK\$2.4 million).

## **Pledge of Assets**

As at 30 September 2023, the Group's bank deposits of HK\$5,000 (as at 31 March 2023: Nil) and HK\$14.6 million (as at 31 March 2023: HK\$11.0 million) were pledged to a broker and banks, respectively to secure derivative financial instruments and banking facilities granted to the Group, respectively.

## **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 exchange loss of approximately HK\$1.3 million (2022: HK\$2.6 million).

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

As at 30 September 2023, the Group had a total workforce of 137 (as at 31 March 2023: 114), of which about 57.7% 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 2021 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**

The removal of travel restrictions and pandemic control measures drove a rebound of travel industry. Airline suppliers have gradually resumed international flights and there is a strong upward trend in the demand of travel products. Despite the swift recovery of the travel industry, we remain alert to challenges ranging from staffing shortage, increasing shop rental, high airfares and hotel room rates, geopolitical tensions and China-US relations. In order to tackle these challenges, the Group implemented various initiatives, such as enhancing operational efficiency, optimizing frontline staff structure, recruiting additional staff and expanding branch network.

The Group will continue to adopt flexible measures and strategies to seize market opportunities. We will actively seek for business opportunities to enhance the Group's earning capability. While investing in frontline staff and new leases as well as enhancing online sales channel, the Group will adhere to our prudent financial management to control the cost effectiveness and enhance operation efficiency. The Group will also continue to enhance our competitiveness and ability to be more resilient and achieve sustainable business growth. We believe with our dedicated staff members and management team, the Group is well positioned to overcome the challenges ahead and maintain the leading market position so as to create long-term value for shareholders.

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

During the Period, 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 of Hong Kong Limited (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 2023

*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. Tse Kam Tim.*