

專業旅運(亞洲)企業有限公司
Travel Expert (Asia) Enterprises Limited
(Incorporated in the Cayman Islands with limited liability)
Stock Code: 1235

Interim Report
2015/2016

PREMIUM 尊賞假期
HOLIDAYS

專業旅運 BUSINESS
Travel Expert 商務

takemyhand
TRAVEL BY EXPERT

Cruiseexpert

專業旅運® 自由行
Travel Expert 機票 酒店

TMH® 度新假期
Tailor Made Holidays

多元服務 週
TAKE 週

專業旅運
Travel Expert Ltd.

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CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Ko Wai Ming, Daniel (*Chairman*)

Ms. Cheng Hang Fan (*Chief Executive Officer*)

Mr. Kam Tze Ming, Alfred
(*Chief Operating Officer*)

Mr. Chan Wan Fung
(*Chief Financial Officer*)

Independent Non-executive Directors

Mr. Mak King Sau

Mr. Szeto Chi Man

Mr. Yung Ha Kuk, Victor

AUDIT COMMITTEE

Mr. Yung Ha Kuk, Victor (*Chairman*)

Mr. Mak King Sau

Mr. Szeto Chi Man

NOMINATION COMMITTEE

Mr. Szeto Chi Man (*Chairman*)

Mr. Ko Wai Ming, Daniel

Mr. Mak King Sau

Mr. Yung Ha Kuk, Victor

REMUNERATION COMMITTEE

Mr. Mak King Sau (*Chairman*)

Ms. Cheng Hang Fan

Mr. Szeto Chi Man

Mr. Yung Ha Kuk, Victor

COMPANY SECRETARY

Ms. Cheng Yin Wah

AUDITOR

BDO Limited

PRINCIPAL BANKER

Hang Seng Bank Limited

REGISTERED OFFICE

Cricket Square

Hutchins Drive

P. O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

9th Floor

Kowloon Plaza

No. 485 Castle Peak Road

Lai Chi Kok

Kowloon

Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

Royal Bank of Canada Trust Company
(Cayman) Limited

4th Floor, Royal Bank House

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Grand Cayman KY1-1110

Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

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Hong Kong

COMPANY WEBSITE

www.travelexpert.com.hk

STOCK CODE

The Stock Exchange of Hong Kong Limited: 1235

FINANCIAL HIGHLIGHTS

	Notes	Six months ended		Change
		2015	2014	
		HK\$'000	HK\$'000	
Profitability				
Total customer sales proceeds		1,011,092	996,182	+1.5%
Revenue				
— Service income from sales of travel/wedding related products		173,435	161,357	+7.5%
— Sales of package tours		24,979	10,790	+131.5%
— Rental income from investment property		1,094	1,002	+9.2%
		199,508	173,149	+15.2%
Profit attributable to owners of the Company		22,414	16,787	+33.5%
Earnings per share — Basic (HK cents)	1	4.4	3.3	+33.3%

Financial ratio

Return on equity (%)	2	12.1%	10.8%
Current ratio (time)	3	1.25	1.19
Gearing ratio (%)	4	11.2%	14.8%

Notes:

1. The calculation of the basic earnings per share is based on 513,579,000 (2014: 513,579,000) weighted average number of ordinary shares in issue during the period.
2. Return on equity is calculated based on the profit for the period attributable to owners of the Company divided by the equity attributable to owners of the Company at the end of the period and multiplied by 100%.
3. Current ratio is calculated based on the total current assets divided by the total current liabilities at the end of the period.
4. Gearing ratio is calculated based on the bank borrowings divided by the total equity at the end of the period and multiplied by 100%.



CHAIRMAN'S STATEMENT


Dear Honorable Shareholders,

I am pleased to report that the Group achieved a satisfactory business performance for the six months ended 30 September 2015 with an increase of net profit after tax around 33.3% (excluding non-controlling interest) compared with the corresponding period for the last year.

In the first half of the year, the Group continued to commit considerable resources to enhance the market awareness on the newly established business lines such as Premium Holidays (尊賞假期), Tailor Made Holidays (度新假期) and Take My Hand (緣動). We managed to boost the sales and obtained a double digit growth in the net profit. Besides, the favorable movement of Hong Kong dollar exchange rate against other currencies stimulated the travel demand that also contributed to the business growth in the past few months.

To achieve business growth, we adopted flexible strategies to meet the head-on competition and the rapid market changes. Our emphasis on services and after-sales services enabled us to stand out from other industry players. Besides, the extensive sales network suited the convenience of customers that encouraged their patronage. Implementation of control measures enhanced the effectiveness of operating cost also contributed to the business growth.

The persistent stiff competition in the industry was further intensified as more and more competitors from various sales channels entered into the market, which including budget airlines, online travel agencies, online sales channels and websites of hotels and airlines. Furthermore, the rapid changes in market trends and consumer preferences exerted pressures on our business as well. However, all these challenges provided us with opportunities to demonstrate our strength and strong foundation in tackling difficulties. One of our major competitive advantages over other online sales was outstanding customer services. We are able to provide personalized and responsive services to suit individual customer's needs, such as personal advices on travel arrangements and destinations, changing itineraries, arranging refunds or even cancelling trips at the last minute. This is what other newly emerged sales channels are unable to compete with as which only focus on price factor and simple products.




To meet the growing customers' demands, the provision of all-round services is of vital importance. Therefore, we will continue to expand our product and service offerings by enhancing sales distribution channels as well as value added services while without compromising service quality. In addition to the setup of Premium Holidays (尊賞假期) with focus on high-end long haul guided tours and Tailor Made Holidays (度新假期) providing specially designed travel products for couples and lovers under the product name of Lovers' Travel (愛侶•遊), the new business line of Take My Hand (緣動) allowed us to diversify our business scope into wedding planning services and event management thereby enhanced the competitive advantages in developing and promoting the overseas wedding travel products and providing support to our corporate travel and tour business. Recently we launched a new marketing campaign including a new TV advertisement to promote the "One Take" concept, i.e. different kinds of travel products and services can be easily obtained from one shop.

Looking ahead, the Group will continue to consolidate our leading position in the market. We believe that a solid foundation of our traditional travel business together with the newly setup businesses has positioned us to pursue long term growth. The launch of our online sales platform "Pack2fly.com" in early 2015 has accomplished our goal of developing a cost-effective sales channel so as to enhance our e-business competitiveness. We will commit substantial resources in developing the new business lines and carrying out initiatives in technological advancement.

We believe technological advancement enables customers to access our product and service offerings in a convenient way and flexible time. In the past few years, we spent considerable resources on IT advancements such as retail management information and CRM (customer relationship management) initiatives. With such systems, the Group is able to have a better understanding about customers' preferences on product mix and services. More importantly, the data collected provided insights into the way we manage our shops and satisfy customer needs. We will strive for sustainable business growth by going towards a new direction of O2O (Online to Offline) business model.

Despite of difficulties ahead, our long-term goal of expansion into the PRC market remains part of our business plan. In view of the cultural and social difference between Hong Kong and PRC, we will familiarize ourselves with the local legal system and customer preferences before implementation of any aggressive business expansion plan.

We foresee that all the initiatives to be taken by the Group will inevitably cause pressures on operating costs and profits in the coming years. However, we firmly believe such initiatives will help us to improve our competitive advantages in the long run and drive the long-term growth of our business that is in the best interest of all our stakeholders.



On behalf of the Board, I wish to express my sincere gratitude to shareholders, business partners and customers for their continued support, and to employees for their dedication and hard work.

Ko Wai Ming, Daniel
Chairman and Executive Director

Hong Kong, 25 November 2015



MANAGEMENT DISCUSSION AND ANALYSIS


OVERVIEW

The Group continued to record a business growth for the six months ended 30 September 2015 (the "Period"). Total revenue for the Period increased to HK\$199.5 million (2014: HK\$173.1 million), representing an increase of 15.3% over the corresponding period last year. The increase was contributed by the consistent revenue growth in the Group's retail FIT (Free and Independent Travellers) business and tour business. Excluding the non-controlling interests, the profit for the Period attributable to owners of the Company had an increase of 33.3% to HK\$22.4 million (2014: HK\$16.8 million). The total Group's profit for the Period was HK\$20.6 million, representing an increase of 27.2% from HK\$16.2 million. Basic earnings per share attributable to owners of the Company for the Period was HK4.4 cents, representing an increase of 33.3% from HK3.3 cents over the corresponding period last year. The Board resolved to declare an interim dividend of HK1.5 cents (2014: HK1.2 cents) per share.

BUSINESS REVIEW

The Group's retail FIT business is operated mainly through Travel Expert Limited (專業旅遊有限公司), which is the core focus of the Group. During the Period, the sales performance from retail customers recorded a satisfactory growth especially the sales of cruise trips that contributed to the increase of revenue. The growth demonstrated the Group's continuous efforts in recent years to focus on expansion of travel product offerings. Besides, the favorable movement of Hong Kong dollar exchange rate against other currencies served as an added incentive to stimulate the customers' travel demands. In addition, the Group's proactive marketing strategy enabled us to respond to customers' requirements and market change efficiently. Furthermore, a quality management team and staff force is the utmost importance to the Group to remain competitive in a rigorous business environment. Therefore, we allocated more resources on the staff training area. For example, we extended the training time and improved the training content for the new joint frontline staff. Also, we launched a series of training program to the senior and middle management staff covering various topics such as the Group's management philosophy, market development and other management skills.

The Group's another retail FIT business brand, Tailor Made Holidays Limited (度新假期有限公司) also recorded a satisfactory business growth during the Period. In view of the encouraging business performance, the management decided to open a new shop at Tseung Kwan O PopCorn in October 2015. Together with the existing shops at Kowloon Bay Telford Plaza, Tsuen Wan Luk Yeung Galleria and Causeway Bay Hang Lung Centre, it has now opened four shops. We will continue to allocate resources for its business expansion. To further enhance its brand awareness, we will put special effort to launch marketing activities. Besides, its clear brand image of providing overseas wedding packages and specially designed travel products for couples and lovers under the product name of Lovers' Travel (愛侶•遊) can help it to distinguish itself from other competitors.




The Group's corporate business is operated mainly through Travel Expert Business Services Limited (專業旅運商務有限公司). During the Period, performance of this business was still behind our expectation. Therefore, we put further effort in restructuring the team to streamline the operation and improve service quality to the customer as well as solicit new customers. We will continue to monitor its business development and adopt appropriate measures to boost its sales.

The Group's tour operation is conducted by Premium Holidays Limited (尊賞假期有限公司). It focuses on operating high-end long haul tours, cruise travel tours and MICE (meeting, incentive, conference and exhibition) businesses. During the Period, it offered different theme-type tours that received encouraging responses from customers. Besides, the special travel product named "Premium Vacation (自由團)" offers more flexible choices for customers on itinerary and destination. Furthermore, the business actively launched marketing activities such as holding travel talks and open days, participating in travel expo, advertising on printed matters and TV commercials etc. with an aim to promote the brand name. So far the business development is on track. However, as this business is still relatively new to the market and under the development stage, it requires continuous investments and resources from the Group.

Following the completion of the acquisition transaction of 55% equity interest in Shenzhen SKAL Travel Service (深圳順風旅行社有限公司), now renamed as TE Nice Tour (Shenzhen) Limited (專業新景界旅行社(深圳)有限公司), we assigned dedicated staff members to establish a China business team in handling its operations. The business is still under preparation stage so its contribution to the group's business result is very minimal during the Period.

The new business line of Take My Hand Limited (緣動有限公司) has actively launched various marketing activities to promote its business and brand name through participating in wedding expos, printed advertisements and media interviews etc. The establishment of this business enables the Group's business expansion into wedding planning services and event management. Also, it can help the Group to develop and promote overseas wedding travel products as well as providing support to our corporate travel and tour business. During the Period, the business contribution to the Group is not significant.

In addition to the travel and wedding business segment, our investment activities that are conducted by Travel Expert Asset Management Limited (專業旅運資產管理有限公司) using the Group's surplus funds allocated under the approved investment cap recorded a drop in the profit for the Period compared with the corresponding period last year. It was mainly due to the highly volatile stock market in the first half of the year. We will closely monitor the market situation and make investment decisions cautiously. This segment will continue to help the Group to better utilize its surplus fund and thus contribute to its bottom line.



Overall, the Group's total customer sales proceeds amounted to HK\$1,011.1 million for the Period, representing an increase of 1.5% as compared with HK\$996.2 million for the corresponding period last year. Revenue excluding the rental income from investment property of HK\$1.1 million (2014: HK\$1.0 million) for the Period was HK\$198.4 million, representing an increase of 15.3% from HK\$172.1 million for the corresponding period last year.

FINANCIAL REVIEW

Selling and Distribution Costs

For the Period, selling and distribution costs amounted to HK\$121.8 million, representing an increase of 4.0% from HK\$117.1 million for the corresponding period last year. The selling and distribution costs accounted for 61.1% of the Group's total revenue, having decreased from 67.6% in the corresponding period last year.

Since staff costs and shop rental accounted for the majority of the Group's selling and distribution costs, the steady upward pressure on the average rental of retail premises and the increasing labor costs due to low unemployment rate in Hong Kong have primarily contributed to the increase of selling and distribution costs for the Period. Furthermore, the setup of new business lines has contributed to the increase of selling and distribution cost. Nevertheless, in order to deliver convenient and quality services to the customers, the Group will continue to maintain a widespread and effective sales network as well as exploring new sales channels. As at 30 September 2015, the Group operated a total of 61 retail shops in Hong Kong under the brand names of Travel Expert, Tailor Made Holidays and Premium Holidays.

Administrative Expenses

For the Period, administrative expenses amounted to HK\$36.2 million, representing an increase of 10.4% from HK\$32.8 million for the corresponding period last year. Administrative expenses accounted for 18.1% of the Group's total revenue, which decreased from 18.9% in the corresponding period last year.

Salaries for back office staff and the office rental accounted for the majority of the Group's administrative expenses. Currently, the Group has three separate back office locations. The increase of the administrative expenses for the Period is mainly attributable to the investment for new business lines set up and the extra resources for various improvement initiatives including IT Projects for the advancement of IT applications and infrastructure. In view of the increasing operating cost pressure, the Group has adopted an effective control of administrative expenses by better allocation of its back office resources and streamline of its existing working process.



Finance Cost

Finance cost of the Group for the Period was HK\$227,000, which was mainly related to the interest-bearing bank borrowing of mortgage loans for the Group's properties (2014: HK\$258,000).

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. The Group's financial position as at 30 September 2015 remained healthy with net assets value of HK\$180.9 million (as at 31 March 2015: HK\$177.7 million). The Group continued to record a solid cash inflow generated from operating activities during the Period. Including the time deposits over three months, the Group had total cash and cash equivalents of HK\$192.9 million as at 30 September 2015 (as at 31 March 2015: HK\$216.3 million). As at 30 September 2015, in addition to an investment property with fair value at HK\$62.0 million (as at 31 March 2015: HK\$62.0 million), the Group held a portfolio of financial assets and liabilities at fair value through profit or loss at around HK\$22.1 million and nil respectively (as at 31 March 2015: HK\$16.9 million and HK\$7,000 respectively).

As at 30 September 2015, the Group's current ratio (current assets divided by current liabilities) was 1.25 times compared with 1.23 times as at 31 March 2015. The gearing ratio (interest-bearing borrowings divided by total equity) was 11.2% as compared with 31.5% as at 31 March 2015. The high gearing ratio as at 31 March 2015 was due to a short term loan from a stock broker for IPO share purchase application and which was fully repaid in April 2015. Excluding this short-term loan, the gearing ratio was 12.2% as at 31 March 2015. In view of the Group's steady cash inflow from operations together with the surplus cash position, the Group has adequate financial resources to meet the future payment obligation and support its future business development plan.

Contingent Liabilities

The Group did not have any contingent liabilities as at 30 September 2015.

Capital Commitment

Save for the capital commitment in respect of the balance payment of HK\$25.7 million relating to the purchase of a property located in Tsimshatsui, the Group did not have any other significant capital commitment as at 30 September 2015 (as at 31 March 2015: Nil).

Pledge of Assets

As at 30 September 2015, the Group had two outstanding mortgage loans amounting in total to HK\$20.3 million (as at 31 March 2015: HK\$21.7 million) which were repayable on demand and secured by the Group's land and building and investment property.



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 Limited (專業旅運資產管理有限公司) together with the extension of investment scope, the Group may use more financial tools such as foreign exchange forward contracts, currency futures etc. to manage the foreign exchange risks. For the six months ended 30 September 2015, a net foreign exchange gain of approximately HK\$0.2 million was recorded (2014: exchange gain of HK\$0.5 million).

Human Resources and Employee's Remuneration

As at 30 September 2015, the Group had a total workforce of 668 (as at 30 September 2014: 663), of which about 68.1% were front line 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 to recognize the contributions of our staff and to provide them with incentives to stay with the Group. 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.

Event after the Reporting Period

On 6 July 2015, an indirect wholly owned subsidiary of the Company, Profit Genius Limited, entered into a Provisional Agreement for Sale and Purchase with an independent third party relating to the acquisition of Flats A and C, 1st Floor, Han Chung Mansion, Nos. 8 and 10 Hankow Road, Tsimshatsui, Kowloon, Hong Kong (the "Property") at the consideration of HK\$28.5 million. The transaction was completed on 16 October 2015. The Property is now under renovation and intended to be used by Premium Holidays.



OUTLOOK

In view of the downturn of retail industry and the slowdown of overall Hong Kong economic environment in the recent months, we expect the business will face a challenging situation in the second half of the year. Furthermore, the increasing penetration of online travel agencies and online sales platforms operated by the travel product suppliers, such as budget airlines, will increase the pricing pressures on the traditional travel retailers.


To address market challenges and prepare for the future business expansion, the Group has started a large scale internal reengineering project to realign its sales operations and back office structure with an aim to build a stronger foundation for future growth. The management team will commit resources and effort to implement the changes and new initiatives as set out in the project.

Apart from strengthening the existing business lines and market position, the development of new business lines will remain our main focus. According to our business plan, Premium Holidays (尊賞假期) will move its back office to the newly acquired property located at Tsimshatsui Han Chung Mansion in early 2016. After moving to this new strategic location, the business will also open a new retail shop at the same place. Furthermore, we are planning to open new retail shops for Premium Holidays (尊賞假期) and Travel Expert Cruise (專業旅運郵輪) so that the market awareness on such brands will be greatly enhanced.

In the coming months, Take My Hand (緣動) will actively liaise with various overseas suppliers for expansion of overseas wedding products and arrangements. Aggressive actions will be taken to drive its growth and enhance market awareness. We believe that the growth of this business will also stimulate the demand for the Group's travel products and services.

With the setup of new business lines in the past few years, currently the Group is in a position to better attend customers' different needs by offering them with a wide range of products at one easily accessible location. Therefore, recently we launched a new marketing campaign to promote the "One Take" concept through TV commercials, the Group's website, social online platforms, printed advertisements, and etc. Also, we will arrange the retail shops for different brands in a way to accomplish the goal of providing customers with one-stop travel solution according to the "One Take" concept.

Looking forward, IT technology advancement is one of our key factors to drive sustainable growth in revenue and profit amidst strong competition and market changes. Thus, we will continue to commit resources in various IT projects and enhancement of IT applications in the coming years. The development of online sales platform and revamp of the Group's websites will be an important part of our business plan. We will strive for sustainable business growth by going towards a new direction of O2O (Online to Offline) business model.



As mentioned in previous reports, the heavy investments in the establishment of new business lines and other improvement initiatives will bring pressure on operating cost as well as the Group's profit in the coming years. Nevertheless, the Group believes such investments are important to its future success. We remain fully committed to its strategy and objectives, supported by its proven execution capabilities, to lead the Group to future expansion and to drive profitable growth that, in turn, creates better value for shareholders.

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

During the six months ended 30 September 2015, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

During the six months ended 30 September 2015, 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 Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

REVIEW OF INTERIM RESULTS

The Audit Committee has reviewed and discussed with the management and the Company's external auditors the interim results for the six months ended 30 September 2015.

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 six months ended 30 September 2015.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 23 December 2015 to 29 December 2015, both days inclusive, for the purpose of determining the entitlement to the interim dividend for the six months ended 30 September 2015. In order to qualify for the interim dividend for the six months ended 30 September 2015, all transfer forms accompanied by relevant share certificates must be lodged with the Company's Branch Share Registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on 22 December 2015.

OTHER INFORMATION

DIRECTORS' INTERESTS IN SHARE CAPITAL

At 30 September 2015, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

(a) Long positions in ordinary shares of the Company

Name of Director	Number of shares of HK\$0.01 each in the Company				Approximate percentage of shareholding of the issued share capital
	Personal interests	Family interests	Corporate interests	Total interests	
Mr. Ko Wai Ming, Daniel ("Mr. Ko")	–	11,020,000 (Note a)	356,715,000 (Note b)	367,735,000	71.60%
Ms. Cheng Hang Fan ("Mrs. Ko")	11,020,000	–	356,715,000 (Note b)	367,735,000	71.60%
Mr. Kam Tze Ming, Alfred	2,500,000	–	–	2,500,000	0.49%
Mr. Chan Wan Fung	800,000	–	–	800,000	0.16%

Notes:

- (a) Mr. Ko and Mrs. Ko are spouses. Pursuant to the Part XV of the SFO, Mr. Ko is deemed to be interested in the shares of the Company owned by Mrs. Ko.
- (b) These shares of the Company are owned by Colvin & Horne Holdings Limited ("CHHL"), which is owned as to 60% and 40% by Mr. Ko and Mrs. Ko respectively.

(b) Long Position in shares and underlying shares of associated corporation

Name of Director	Name of associated corporation	Beneficial owner	Family interest (Note)	Total number of shares held	Approximate percentage of the issued share capital
Mr. Ko	CHHL	3	2	5	100%
Mrs. Ko	CHHL	2	3	5	100%

Note: Mr. Ko and Mrs. Ko are spouses. Pursuant to the Part XV of the SFO, Mr. Ko is deemed to be interested in the shares of CHHL owned by Mrs. Ko and Mrs. Ko is deemed to be interested in the shares of CHHL owned by Mr. Ko.

Save as disclosed above, as at 30 September 2015, none of the Directors and chief executive of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of SFO) which are required, pursuant to Section 352 of the SFO, to be entered in the registers referred to therein or are required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

SHARE OPTION SCHEME

The Company adopted a Share Option Scheme (the “Share Option Scheme”) on 6 September 2011. The purpose of the Share Option Scheme is to enable the Board to grant options to selected eligible persons as incentives or rewards for their contribution or potential contribution to the Group and/or to recruit and retain high caliber eligible persons and to attract human resources that are valuable to the Group.

Details of the movement of the share options during the six months ended 30 September 2015 are as follows:

Grantee	Exercisable period	Balance at 1 April 2015	Granted during the period	Number of options			Balance at 30 September 2015	Exercise price per share (HK\$)
				Exercised during the period	Forfeited during the period	Lapsed during the period		
An employee of the Group	1 January 2015 to 31 December 2016	1,000,000	-	-	-	-	1,000,000	1.002
	1 January 2016 to 31 December 2016	1,000,000	-	-	-	-	1,000,000	1.002
		<u>2,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,000,000</u>	

Save as disclosed above, at no time during the period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any of the Directors or their respective spouses or minor children, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARE CAPITAL

As at 30 September 2015, shareholders (not being Directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO, or otherwise notified to the Company are set out below:

Name of Shareholders	Nature of interests		Total number of shares held	Approximate percentage of the issued share capital
	Beneficial owner	Family interest		
CHHL (Note a)	356,715,000	–	356,715,000	69.46%
Mr. Chu Hung Kwan ("Mr. Chu") (Note b)	17,400,000	11,500,000	28,900,000	5.63%
Ms. Tai Kan Yuet ("Mrs. Chu") (Note b)	11,500,000	17,400,000	28,900,000	5.63%

Notes:

- (a) CHHL is owned as to 60% and 40% by Mr. Ko and Mrs. Ko respectively.
- (b) Mr. Chu and Mrs. Chu are spouses. Pursuant to the Part XV of the SFO, Mr. Chu is deemed to be interested in the shares of the Company owned by Mrs. Chu and Mrs. Chu is deemed to be interested in the shares of the Company owned by Mr. Chu.

Save as disclosed above, the Directors and chief executive of the Company are not aware that there is any person (not being a Director or chief executive of the Company) who, as at 30 September 2015, had an interest or a short position in the shares or underlying shares of the Company which are recorded in the registers required to be kept under Section 336 of the SFO or notified to the company pursuant to the SFO.

CHANGE IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, the change in the information of Directors required to be disclosed is as follows:

The amount of the Directors' emoluments of the Executive Directors and the level of directors' fees for Independent Non-executive Directors have been reviewed and revised since 1 April 2015.

INVESTMENT ACTIVITIES

For the six months ended 30 September 2015, the Group engaged in certain investment activities. All the funds used in such investment activities were the Group's surplus funds allocated under the investment cap.

As approved by the Board, the investment cap amount increased from HK\$40 million to HK\$80 million effective on 1 July 2015.

The details of the financial assets or liabilities purchased under the investment cap stated at fair value as at 30 September 2015 were as follows:

	30 September 2015 (unaudited) HK\$'000	31 March 2015 (audited) HK\$'000
Investment by Categories		
Equity securities listed in Hong Kong and the PRC	1,591	4,801
Preference share	11,913	12,126
Put options on Hang Seng Index	–	7
Call options on Hang Seng Index	–	(7)
Bonds	8,552	–
Total Value	22,056	16,927

INDEPENDENT REVIEW REPORT



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To the Board of Directors of Travel Expert (Asia) Enterprises Limited
(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated interim financial statements set out on pages 21 to 46 which comprise the consolidated statement of financial position of Travel Expert (Asia) Enterprises Limited and its subsidiaries as of 30 September 2015 and the related consolidated statement of comprehensive income, consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six months period then ended, and other explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on condensed consolidated interim financial statements to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The directors are responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with HKAS 34.

Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review. This report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review of these condensed consolidated interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with HKAS 34.

BDO Limited

Certified Public Accountants

Hong Kong, 25 November 2015

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2015

	Notes	Six months ended 30 September 2015 (unaudited) HK\$'000	2014 (unaudited) HK\$'000
Revenue	5	199,508	173,149
Cost of sales		(22,250)	(9,257)
Gross profit		177,258	163,892
Other income and gains	5	6,836	6,116
Selling and distribution costs		(121,849)	(117,058)
Administrative expenses		(36,157)	(32,817)
Gain on disposal of financial assets/liabilities at fair value through profit or loss		318	–
Fair value (loss)/gain on financial assets/ liabilities at fair value through profit or loss		(408)	607
Profit from operations	6	25,998	20,740
Finance costs	7	(227)	(258)
Profit before income tax		25,771	20,482
Income tax expense	8	(5,129)	(4,323)
Profit for the period		20,642	16,159
Other comprehensive income, that may be reclassified subsequently to profit or loss:			
Exchange difference on translation of financial statements of overseas subsidiaries		(110)	8
Other comprehensive income for the period, net of tax		(110)	8
Total comprehensive income for the period		20,532	16,167

		Six months ended 30 September	
	Notes	2015 (unaudited) HK\$'000	2014 (unaudited) HK\$'000
Profit for the period attributable to:			
Owners of the Company		22,414	16,787
Non-controlling interests		(1,772)	(628)
		20,642	16,159
Total comprehensive income for the period attributable to:			
Owners of the Company		22,304	16,795
Non-controlling interests		(1,772)	(628)
		20,532	16,167
Earnings per share attributable to owners of the Company			
— Basic	9	HK4.4 cents	HK3.3 cents
— Diluted		N/A	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2015

		30 September 2015 (unaudited) HK\$'000	31 March 2015 (audited) HK\$'000
	Notes		
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	11	53,321	55,026
Investment property		62,000	62,000
Goodwill	21	445	–
Deposits	12	12,533	–
		<u>128,299</u>	<u>117,026</u>
Current assets			
Inventories		3,403	3,995
Trade receivables	13	10,095	8,351
Prepayments, deposits and other receivables		31,648	78,983
Financial assets at fair value through profit or loss	14	22,056	16,934
Prepaid tax		128	237
Pledged deposits		29	2,451
Time deposits over three months	15	100,025	145,246
Cash and cash equivalents	15	92,923	71,040
		<u>260,307</u>	<u>327,237</u>
Current liabilities			
Trade payables	16	131,949	158,861
Accrued charges, deposits received and other payables		49,300	50,630
Bank and other borrowings	17	20,256	55,984
Financial liabilities at fair value through profit or loss		–	7
Provision for tax		6,194	1,073
		<u>207,699</u>	<u>266,555</u>

		30 September 2015 (unaudited) HK\$'000	31 March 2015 (audited) HK\$'000
	Notes		
Net current assets		52,608	60,682
Total assets less current liabilities		180,907	177,708
Net assets		180,907	177,708
EQUITY			
Equity attributable to owners of the Company			
Share capital	18	5,136	5,136
Reserves		179,989	175,054
		185,125	180,190
Non-controlling interests		(4,218)	(2,482)
Total equity		180,907	177,708

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2015

	Attributable to owners of the Company									Non-controlling interests	Total equity
	Share capital	Share premium	Share option reserve	Merger reserve	Foreign exchange reserve	Other reserve	Proposed dividend	Retained profits	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2014	5,136	57,779	30	(9,000)	8	-	15,407	85,386	154,746	-	154,746
Profit for the period	-	-	-	-	-	-	-	16,787	16,787	(628)	16,159
Other comprehensive income:											
Exchange alignment	-	-	-	-	8	-	-	-	8	-	8
Total comprehensive income for the period	-	-	-	-	8	-	-	16,787	16,795	(628)	16,167
Lapse of share-based payment expenses	-	-	(30)	-	-	-	-	30	-	-	-
Recognition of share-based payments	-	-	151	-	-	-	-	-	151	-	151
Incorporation of a subsidiary	-	-	-	-	-	-	-	-	-	150	150
Changes in ownership interest in a subsidiary without change in control	-	-	-	-	-	1,304	-	-	1,304	(1,004)	300
Final dividend paid	-	-	-	-	-	-	(15,407)	-	(15,407)	-	(15,407)
At 30 September 2014 (unaudited)	5,136	57,779	151	(9,000)	16	1,304	-	102,203	157,589	(1,482)	156,107
At 1 April 2015	5,136	57,779	352	(9,000)	(40)	1,304	17,462	107,197	180,190	(2,482)	177,708
Profit for the period	-	-	-	-	-	-	-	22,414	22,414	(1,772)	20,642
Other comprehensive income:											
Exchange alignment	-	-	-	-	(110)	-	-	-	(110)	-	(110)
Total comprehensive income for the period	-	-	-	-	(110)	-	-	22,414	22,304	(1,772)	20,532
Recognition of share-based payments	-	-	93	-	-	-	-	-	93	-	93
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	36	36
Final dividend paid	-	-	-	-	-	-	(17,462)	-	(17,462)	-	(17,462)
At 30 September 2015 (unaudited)	5,136	57,779	445	(9,000)	(150)	1,304	-	129,611	185,125	(4,218)	180,907

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2015

	Six months ended 30 September	
	2015 (unaudited) HK\$'000	2014 (unaudited) HK\$'000
Net cash generated from operating activities	29,381	16,437
Net cash generated from/(used in) investing activities	45,989	(2,352)
Net cash used in financing activities	<u>(53,417)</u>	<u>(17,095)</u>
Net increase/(decrease) in cash and cash equivalents	21,953	(3,010)
Cash and cash equivalents at beginning of the period	71,040	121,923
Effect of foreign exchange rate changes	<u>(70)</u>	<u>–</u>
Cash and cash equivalents at end of the period	<u>92,923</u>	<u>118,913</u>



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2015

1. GENERAL INFORMATION

Travel Expert (Asia) Enterprises Limited (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 Company and its subsidiaries (the “Group”) is located at 9/F, Kowloon Plaza, No. 485 Castle Peak Road, Lai Chi Kok, Kowloon, 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 Group is the provision of travel and travel/wedding related products and services, property investment and the investment in treasury activities.

The condensed consolidated interim financial statements for the six months ended 30 September 2015 were approved and authorised for issue by the board of directors (the “Directors”) on 25 November 2015.

2. BASIS OF PREPARATION

These condensed consolidated interim financial statements for the six months ended 30 September 2015 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 of Hong Kong Limited.

The condensed consolidated interim financial statements are unaudited, but have been reviewed by BDO Limited in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA.

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 2015.

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 2015, 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 for annual periods beginning on 1 April 2015.

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 result in material changes to 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. 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		Rental income from investment property		Treasury activities		Total	
	Six months ended		Six months ended		Six months ended		Six months ended	
	30 September		30 September		30 September		30 September	
	2015	2014	2015	2014	2015	2014	2015	2014
(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	<u>198,414</u>	<u>172,147</u>	<u>1,094</u>	<u>1,002</u>	<u>-</u>	<u>-</u>	<u>199,508</u>	<u>173,149</u>
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Reportable segment revenue	<u>198,414</u>	<u>172,147</u>	<u>1,094</u>	<u>1,002</u>	<u>-</u>	<u>-</u>	<u>199,508</u>	<u>173,149</u>
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Reportable segment profit	<u>25,282</u>	<u>19,601</u>	<u>576</u>	<u>398</u>	<u>511</u>	<u>977</u>	<u>26,369</u>	<u>20,976</u>
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Interest income	1,033	1,338	-	-	452	99	1,485	1,437
Finance costs	(17)	(23)	(210)	(235)	-	-	(227)	(258)
Dividend income	-	-	-	-	68	9	68	9
Depreciation	(4,594)	(4,012)	(2)	(2)	-	-	(4,596)	(4,014)
Gain on disposal of financial assets/liabilities at fair value through profit or loss	-	-	-	-	318	-	318	-
Fair value (loss)/gain on financial assets/liabilities through profit or loss	-	-	-	-	(408)	607	(408)	607

4. SEGMENT INFORMATION (Cont'd)

	Travel and travel/wedding related business		Rental income from investment property		Treasury activities		Total	
	At 30	At 31	At 30	At 31	At 30	At 31	At 30	At 31
	September	March	September	March	September	March	September	March
	2015	2015	2015	2015	2015	2015	2015	2015
	(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	<u>279,997</u>	<u>303,484</u>	<u>62,058</u>	<u>62,042</u>	<u>45,658</u>	<u>77,807</u>	<u>387,713</u>	<u>443,333</u>
Additions to non-current segment assets during the periods	<u>15,930</u>	<u>11,147</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,930</u>	<u>11,147</u>
Reportable segment liabilities	<u>180,701</u>	<u>208,903</u>	<u>19,233</u>	<u>20,335</u>	<u>78</u>	<u>34,310</u>	<u>200,012</u>	<u>263,548</u>

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:

	Six months ended	
	30 September	
	2015	2014
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Reportable segment revenue	<u>199,508</u>	<u>173,149</u>
Group revenue	<u>199,508</u>	<u>173,149</u>
Reportable segment profit	<u>26,369</u>	<u>20,976</u>
Other corporate expenses	<u>(598)</u>	<u>(494)</u>
Profit before income tax expense	<u>25,771</u>	<u>20,482</u>

4. SEGMENT INFORMATION (Cont'd)

	At 30 September 2015 (unaudited) HK\$'000	At 31 March 2015 (audited) HK\$'000
Reportable segment assets	387,713	443,333
Other corporate assets	893	930
Group assets	388,606	444,263
Reportable segment liabilities	200,012	263,548
Other corporate liabilities	7,687	3,007
Group liabilities	207,699	266,555

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

	Revenue from external customers		Non-current assets	
	Six months ended 30 September 2015 (unaudited) HK\$'000	2014 (unaudited) HK\$'000	At 30 September 2015 (unaudited) HK\$'000	At 31 March 2015 (audited) HK\$'000
Hong Kong (domicile)	199,472	173,149	127,759	116,384
The People's Republic of China (the "PRC") excluding Hong Kong	36	–	540	642
	199,508	173,149	128,299	117,026

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. REVENUE, OTHER INCOME AND GAINS

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

	Six months ended	
	30 September	
	2015	2014
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Turnover/Revenue		
Service income from sales of travel/wedding related products (note)	173,435	161,357
Sales of package tours (note)	24,979	10,790
Rental income from investment property	1,094	1,002
	<u>199,508</u>	<u>173,149</u>
Other income and gains		
Interest income on deposits in banks and financial institutions stated at amortised cost	1,042	1,437
Interest income on debt securities	443	–
Dividend income from listed securities	68	9
Exchange gains	210	496
Sundry income	5,073	4,174
	<u>6,836</u>	<u>6,116</u>
Total revenue, other income and gains	<u>206,344</u>	<u>179,265</u>

5. REVENUE, OTHER INCOME AND GAINS (Cont'd)

Note:

Total customer sales proceeds

	Six months ended 30 September	
	2015 (unaudited) HK\$'000	2014 (unaudited) HK\$'000
Gross sales proceeds related to service income*	986,113	985,392
Sales of package tours	24,979	10,790
Total customer sales proceeds	1,011,092	996,182

* The Group's gross sales proceeds from sales of travel/wedding related products, includes the air tickets, hotel accommodation and other travel/wedding related products, are considered as cash collected 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.

6. PROFIT FROM OPERATIONS

	Six months ended 30 September	
	2015 (unaudited) HK\$'000	2014 (unaudited) HK\$'000
Profit from operations is arrived at after charging:		
Depreciation *	4,596	4,014
Loss on disposal of property, plant and equipment	61	–
Operating lease charges in respect of leasehold premises		
— Minimum leases payments	24,925	23,363
— Contingent rents **	91	192
	25,016	23,555

6. PROFIT FROM OPERATIONS (Cont'd)

	Six months ended 30 September	
	2015 (unaudited) HK\$'000	2014 (unaudited) HK\$'000
Operating leases in respect of office equipment	1,321	923
Staff costs (including directors' remuneration)		
— Salaries	91,854	86,684
— Retirement scheme contribution	3,882	3,509
— Share-based payment expenses	93	151
	<u>95,829</u>	<u>90,344</u>

* Depreciation expenses have been included in:

- selling and distribution costs of approximately HK\$1,819,000 for the six months ended 30 September 2015 (six months ended 30 September 2014: HK\$1,754,000); and
- administrative expenses of approximately HK\$2,777,000 for the six months ended 30 September 2015 (six months ended 30 September 2014: HK\$2,260,000).

** The contingent rents are determined based on certain percentage of the gross sales of the relevant shops when the sales meet certain specified levels.

7. FINANCE COSTS

	Six months ended 30 September	
	2015 (unaudited) HK\$'000	2014 (unaudited) HK\$'000
Interests on bank and other borrowings		
— not wholly repayable within five years	<u>227</u>	<u>258</u>

8. INCOME TAX EXPENSE

	Six months ended 30 September	
	2015 (unaudited) HK\$'000	2014 (unaudited) HK\$'000
Current tax — Hong Kong		
— Tax for the period	<u>5,129</u>	<u>4,323</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 Cayman Islands and BVI during the six months ended 30 September 2014 and 2015 respectively.

Hong Kong profits tax is calculated at 16.5% (six months ended 30 September 2014: 16.5%) on the estimated assessable profits 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.

9. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the profit attributable to owners of the Company of approximately HK\$22,414,000 (six months ended 30 September 2014: HK\$16,787,000) and the 513,579,000 (six months ended 30 September 2014: 513,579,000) weighted average number of ordinary shares in issue during the period.

No diluted earnings per share are presented as the exercise prices of the Company's outstanding options were higher than the average market price during the periods.

10. INTERIM DIVIDEND

	Six months ended 30 September	
	2015	2014
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Interim dividend declared	<u>7,704</u>	<u>6,163</u>

The Directors declared an interim dividend of HK1.5 cents (six months ended 30 September 2014: HK1.2 cents) per ordinary share for the six months ended 30 September 2015, amounting to approximately HK\$7,704,000 (six months ended 30 September 2014: HK\$6,163,000). As the interim dividend is declared after the reporting date, such dividend is not recognised as liability as at 30 September 2015.

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2015, the Group incurred capital expenditures of approximately HK\$450,000 (six months ended 30 September 2014: HK\$657,000) in leasehold improvement, approximately HK\$2,272,000 (six months ended 30 September 2014: HK\$2,843,000) in office equipment, and approximately HK\$140,000 (six months ended 30 September 2014: HK\$265,000) in furniture and fixtures.

During the six months ended 30 September 2015, property, plant and equipment amounted to approximately HK\$90,000 were acquired through business combination as set out in note 21.

During the six months ended 30 September 2015, aggregate deposits of approximately HK\$2,850,000 (note 12) and corresponding stamp duty payment of approximately HK\$2,423,000 (note 12) were made in respect of the acquisition of land and buildings (the "Property") situated in Hong Kong with lease terms expiring in 2039. Pursuant to the provisional agreement, the remaining balance of HK\$25,650,000 (note 19) is payable by the Group on or before 16 October 2015. On 16 October 2015, the title of the Property has been transferred to the Group.

12. DEPOSITS

The Group's non-current deposits as at 30 September 2015 of approximately HK\$12,533,000 mainly represents the deposits paid for property, plant and equipment of approximately HK\$5,273,000 (note 11) and rental deposits of approximately HK\$7,260,000.

13. TRADE RECEIVABLES

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

	30 September 2015 (unaudited) HK\$'000	31 March 2015 (audited) HK\$'000
0-30 days	8,677	7,879
31-90 days	1,324	459
Over 90 days	94	13
	<u>10,095</u>	<u>8,351</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.

The movement in the provision for impairment of trade receivables is as follows:

	30 September 2015 (unaudited) HK\$'000	31 March 2015 (audited) HK\$'000
At beginning of the period	-	98
Impairment loss recognised	-	(98)
	<u>-</u>	<u>-</u>
At end of the period	-	-

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

		30 September 2015 (unaudited) HK\$'000	31 March 2015 (audited) HK\$'000
Equity securities held for trading, at fair value, listed in Hong Kong and the PRC	(a)	1,591	4,801
Debt securities held for trading, at fair value, listed in Hong Kong and overseas	(b)	20,465	12,126
Derivative financial instruments — Put options on Hang Sang Index	(a)	—	7
Total		22,056	16,934

Changes in fair values of financial assets at fair value through profit or loss are recorded as net gain/loss in the consolidated statement of comprehensive income.

Notes:

- (a) Fair values of these investments have been determined by reference to their quoted bid prices at the reporting date.
- (b) The fair value of debt securities are traded on over-the-counter ("OTC") are determined based on quoted market price available on the OTC market.

The following table presents financial assets and liabilities measured at fair value in the statement of financial position in accordance with the fair value hierarchy. The hierarchy groups financial asset and liabilities into three levels based on the relative reliability of significant inputs used in measuring the fair value of these financial assets and liabilities. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Cont'd)

The level in the fair value hierarchy within which the financial asset is categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement.

The financial assets and liabilities measured at fair value are grouped into the fair value hierarchy as follows:

	30 September 2015			Total HK\$'000 (unaudited)
	Level 1 HK\$'000 (unaudited)	Level 2 HK\$'000 (unaudited)	Level 3 HK\$'000 (unaudited)	
Financial assets at fair value through profit or loss				
— Listed debt securities	20,465	—	—	20,465
— Listed equity securities	1,591	—	—	1,591
Total	22,056	—	—	22,056

	31 March 2015			Total HK\$'000 (audited)
	Level 1 HK\$'000 (audited)	Level 2 HK\$'000 (audited)	Level 3 HK\$'000 (audited)	
Financial assets at fair value through profit or loss				
— Listed debt securities	12,126	—	—	12,126
— Listed equity securities	4,801	—	—	4,801
— Derivatives	7	—	—	7
Total	16,934	—	—	16,934

There were no transfers between levels during the period.

15. TIME DEPOSITS AND CASH AND CASH EQUIVALENTS

	30 September 2015 (unaudited) HK\$'000	31 March 2015 (audited) HK\$'000
Cash deposits in banks and financial institutions	55,923	47,721
Short-term deposits in banks	137,025	168,565
	192,948	216,286
Less: Time deposits with an original maturity of more than three months	(100,025)	(145,246)
Cash and cash equivalents	92,923	71,040

16. 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, were as follows:

	30 September 2015 (unaudited) HK\$'000	31 March 2015 (audited) HK\$'000
0–30 days	92,117	106,937
31–90 days	25,888	37,809
Over 90 days	13,944	14,115
	131,949	158,861

17. BANK AND OTHER BORROWINGS

		30 September 2015 (unaudited) HK\$'000	31 March 2015 (audited) HK\$'000
	Notes		
Secured bank borrowings			
Portion due for repayment within one year	(a)	2,952	2,926
Portion due for repayment after one year which contain a repayable on demand clause	(a)	<u>17,304</u>	<u>18,786</u>
		20,256	21,712
Unsecured other borrowings:			
Portion due for repayment within one year	(b)	<u>–</u>	<u>34,272</u>
		20,256	<u>55,984</u>

Notes:

- (a) The Group's interest-bearing bank borrowing of approximately HK\$1,605,000 (31 March 2015: HK\$1,880,000) bears interest at a floating rate of 1.75% per annum over 1 month HIBOR and is secured by the Group's land and buildings of approximately HK\$40,293,000 (31 March 2015: HK\$40,921,000) as at 30 September 2015.

The Group's interest-bearing bank borrowing of approximately HK\$18,651,000 (31 March 2015: HK\$19,832,000) bears interest at a floating rate of 2.85% per annum below HKD prime and is secured by the Group's investment property of approximately HK\$62,000,000 (31 March 2015: HK\$62,000,000) as at 30 September 2015.

The current liabilities include bank borrowings of approximately HK\$17,304,000 (31 March 2015: HK\$18,786,000) that are not scheduled for repayment within one year. They are classified as current liabilities as the related loan agreement contains a clause that provides the lender with an unconditional right to demand repayment at any time at its own discretion.

The Group's interest-bearing bank borrowings are secured by the corporate guarantees or cross-guarantees provided by the Company and/or certain subsidiaries as at 31 March and 30 September 2015.

17. BANK AND OTHER BORROWINGS (Cont'd)

Notes: (Cont'd)

- (b) At 31 March 2015, the Group's interest-bearing other borrowings of approximately HK\$34,272,000 represent the payables due to a broker (the "Broker's Loan") for share purchase application. The Broker's Loan was unsecured and bore interest at a fixed rate of 1.38% per annum. The Broker's Loan has been fully repaid during the period.
- (c) On 7 October 2015, the Group has obtained banking facilities (the "New Banking Facilities") of HK\$11,000,000 from a bank in Hong Kong to finance the acquisition of the Property (note 11). The New Banking Facilities were guaranteed in term of corporate guarantee offered by the Company and were pledged by the Property. Up to the date of this report, HK\$5,000,000 of the New Banking Facilities has been utilised.

18. SHARE CAPITAL

	Number of shares '000	Amount HK\$'000
Authorised:		
Ordinary shares of HK\$0.01 each		
At 31 March 2015 and 30 September 2015	2,000,000	20,000
Issued and fully paid:		
Ordinary shares of HK\$0.01 each		
At 31 March 2015 and 30 September 2015	513,579	5,136

19. COMMITMENTS

Operating lease commitments

Group as lessee

The Group leases certain premises and office equipment under operating lease commitments for terms ranging from one to three years. Certain leases contain an option to renew the lease and renegotiate the terms at the expiry dates or at dates mutually agreed between the Group and the landlords. In addition to the fixed rentals, pursuant to the terms of certain rental agreements, the Group has to pay a rental based on certain percentage of the gross sales proceeds of the relevant shop when the sales meets certain specified level.

At the end of the periods, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 September 2015 (unaudited) HK\$'000	31 March 2015 (audited) HK\$'000
Buildings:		
Within one year	40,754	39,088
In the second to fifth years, inclusive	20,510	17,033
	<u>61,264</u>	<u>56,121</u>
Other assets:		
Within one year	600	600
In the second to fifth years, inclusive	800	1,100
	<u>1,400</u>	<u>1,700</u>

19. COMMITMENTS (Cont'd)

Operating lease commitments (Cont'd)

Group as lessor

The Group's investment property is leased to tenant under operating lease. At the end of the period, the Group had total future minimum lease receivables under non-cancellable operating leases falling due as follows:

	30 September 2015 (unaudited) HK\$'000	31 March 2015 (audited) HK\$'000
Within one year	2,280	2,234
In the second to fifth years, inclusive	1,140	2,660
	<u>3,420</u>	<u>4,894</u>

Capital commitment

As at 30 September 2015, the Group's commitments in respect of capital expenditure were contracted but not provided for the acquisition of the land and building of approximately HK\$25,650,000 (note 11) (31 March 2015: Nil).

20. RELATED PARTY TRANSACTIONS

In addition to those disclosed elsewhere in the condensed consolidated interim financial statements, the directors of the Company are of the view that the Group had the following transactions with related parties at agreed terms.

(a) Significant related party transactions during the periods

	Six months ended 30 September	
	2015 (unaudited) HK\$'000	2014 (unaudited) HK\$'000
Rental expenses paid to related companies	<u>1,162</u>	<u>1,090</u>
Rental deposit paid to related companies included in prepayments, deposits and other receivables	<u>554</u>	<u>518</u>

Note:

The terms of the above transactions are mutually agreed by the Group and the related companies. The Directors are of the opinion that the terms were made in the ordinary course of business on normal commercial basis.

(b) Compensation of key management personnel

Total remuneration of the Group's directors and other members of key management personnel during the periods were as follows:

	Six months ended 30 September	
	2015 (unaudited) HK\$'000	2014 (unaudited) HK\$'000
Short term employee benefits	<u>2,931</u>	<u>2,814</u>
Retirement scheme contribution	<u>36</u>	<u>43</u>
	<u>2,967</u>	<u>2,857</u>

21. BUSINESS COMBINATION DURING THE PERIOD

On 30 April 2015, the Group acquired 60% equity interests of Take My Hand Limited (formerly known as "I'm Yours Event Limited") ("Take My Hand"), a company whose principal activities are providing wedding products and event management and related activities.

The fair values of identifiable assets and liabilities of Take My Hand as at the date of acquisition were:

	HK\$'000 (Unaudited)
Property, plant and equipment (note 11)	90
Trade receivables	68
Deposits and other receivables	271
Cash and cash equivalents	155
Trade payables	(24)
Accrued charges and deposits received	(369)
Provision for tax	(100)
	<hr/>
	91
Non-controlling interests	(36)
	<hr/>
	55
Goodwill arising on acquisition	445
	<hr/>
Total consideration	500
	<hr/>
Satisfied by:	
Cash consideration	500
	<hr/>
Cash flow	
Cash payment	500
Cash and cash equivalent acquired	(155)
	<hr/>
Net cash outflow arising from acquisition	345
	<hr/>

21. BUSINESS COMBINATION DURING THE PERIOD (Cont'd)

The goodwill of HK\$445,000 arises from expected synergies through combining a skilled workforce and efficiencies through acquisition of Take My Hand, the transaction was made as part of the Group's strategy to develop and promote the Group's overseas wedding travel products and to extend the Group's scope of business and services into event management, to support the Group's corporate travel and tour business. The Group has elected to measure the non-controlling interest in Take My Hand at the non-controlling interests' proportionate share of Take My Hand's identifiable net assets.

The fair value of trade and other receivables amounted to HK\$294,000. In the opinion of the Directors, no receivable is expected to be uncollectible.

The acquisition-related costs were not material, and have been expensed and are included in administrative expenses.

Since the acquisition date, Take My Hand has contributed revenue of HK\$333,000 and a loss of HK\$432,000 to the Group's revenue and profit respectively for the period from 30 April 2015 to 30 September 2015. If the acquisition had occurred on 1 April 2015, the Group's revenue and profit after income tax for the six-month period ended 30 September 2015 would have been HK\$199,561,000 and HK\$20,431,000 respectively. This pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 April 2015, nor is it intended to be a projection of future performance.