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 **2018/2019**

專業旅運®
Travel Expert

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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

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D2 Place TWO
15 Cheung Shun Street
Lai Chi Kok
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Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

SMP Partners (Cayman) Limited
Royal Bank House – 3rd Floor
24 Shedden Road, P. O. Box 1586
Grand Cayman, KY1-1110
Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

COMPANY WEBSITE

www.tegroup.com.hk

STOCK CODE

The Stock Exchange of Hong Kong Limited:
1235

FINANCIAL HIGHLIGHTS

	Notes	Six months ended 30 September 2018 HK$'000	2017 HK$'000	Change
Profitability				
Total customer sales proceeds		**744,593**	815,127	-8.7%
Revenue				
– Service income from sales of travel/wedding related products		**104,901**	119,909	-12.5%
– Sales of package tours		**45,948**	41,892	+9.7%
– Rental income from investment property		**411**	380	+8.2%
		151,260	162,181	-6.7%
Loss attributable to owners of the Company		**(7,940)**	(2,960)	
Loss per share				
– Basic (HK cents)	1	**(1.5)**	(0.6)	
Financial ratio				
Return on equity (%)	2	**-4.5%**	-1.9%	
Current ratio (time)	3	**1.28**	1.06	
Gearing ratio (%)	4	**2.1%**	15.4%	

Notes:

1. The calculation of the basic loss per share is based on 512,802,000 (2017: 513,579,000) weighted average number of ordinary shares in issue during the period.

2. Return on equity is calculated based on the loss 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,

For the period under review, the operating environment continued to be very challenging. As indicated in the profit warning announcement issued by the Company on 11 October 2018, due to unfavourable market conditions and intense price competition, the Group's overall results for the period under review recorded a loss of HK$10.0 million as compared with the loss of HK$4.0 million for the same period last year.

In response to the difficult and challenging market conditions, the Group adopted a broad spectrum of measures to strengthen our competitiveness and enhance our business operations and efficiency, including improvement of the product portfolio and marketing promotion strategies. We have also undertaken various business restructuring and streamlining programs in both frontline and back office to boost overall operational efficiency and functionality.

The Group continued to devote extra resources to provide value added services and enhanced product mix to customers. As reported in the Annual Report 2018, to cater for individual needs of FIT (Free Independent Travellers) customers, we established a dedicated private tour team to provide customers with customized small group tours with enriched itinerary. Also, we enhanced support to our frontline travel consultants in trip planning and value-added services. This new private tour team also organizes school and study tours that provide students with the opportunity to learn abroad and immerse themselves in other cultural environments. We also cooperate with various organizations to organize trainings and programmes relating to musical events, leadership, emotion management skills and enhancement of resilience for students. We believe that traditions, culture and music can shape youngsters' temperament, promoting mental and physical health.

In respect of the online trading platform www.texpert.com and mobile app launched in the second half of 2017/18, we enhanced the product offerings and actively launched promotion programs to boost sales. With all these initiatives, the number of customers and sales volume of these online sales channels increased considerably. Since the internet has made the customers easier than ever to compare prices and shop around for the best deals, we need to maintain a low price strategy in promoting the online business. Although the profit margin for such online sales channels is very low, the launching of such channels enabled us to strengthen our interaction with customers and maintain the market share.

In respect of the package tour business operated under the brand of "Premium Holidays", its enriched routes and premium services coupled with word of mouth and our ongoing publicity efforts, the business recorded a significant growth in the turnover and customer volume. We will continue to diversify its tour routes in order to meet customers' preferences and provide them with more enjoyable travel experience.

Looking ahead, the Group will continue to streamline our branch network to improve operational efficiencies. Nevertheless, we will ensure our branch network is sufficient to serve customers conveniently and effectively. The Group will also consolidate our business lines to focus resources in strengthening competitiveness and reducing operation costs. We are taking measures to restructure both the frontline and back office management teams with a view to simplify operation procedures and improve cost efficiencies.

In the second half of the year, there are various market risks and uncertainties affecting consumer spending, including the impacts of the China-US trade dispute, the trend of US interest rate hike and signs of a slowdown in the China's economy. We are of the view that the Group's business may be adversely affected by these factors. Nevertheless, the Group will continue to develop its business cautiously.

Despite of the tough competition and changing market condition, the Group will remain committed to providing customers with one-stop travel solution with all-round services. The Group has been maintaining sufficient funds to support business growth. We believe that, our experienced management team and staff members will continue to contribute to the Group's sustainable growth and achieving our goals and vision as well as enable us to seize future opportunities.

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, 22 November 2018

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

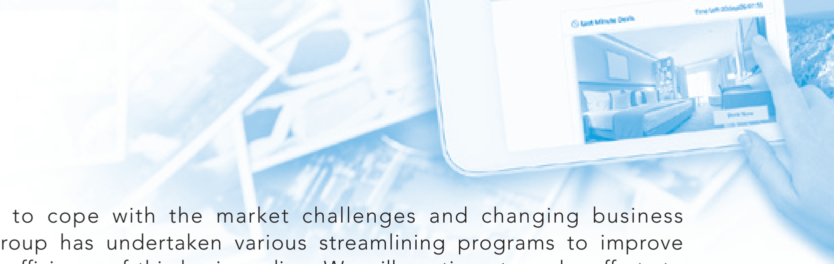
For the six months ended 30 September 2018 (the "Period"), as indicated in the profit warning announcement issued by the Company on 11 October 2018, the results for the Period declined significantly. The Group's total customer sales proceeds was HK$744.6 million for the Period, representing a decrease of 8.6% as compared with HK$815.1 million for the corresponding period last year. The total revenue for the Period decreased to HK$151.3 million (2017: HK$162.2 million), representing a decrease of 6.7% over the corresponding period last year. The business performance of the Group continued to be adversely affected by unfavourable market conditions and intense price competition. Our retail FIT (Free Independent Travellers) business was negatively impacted by the intensified competition from online travel agencies ("OTA") and airline and accommodation booking websites ("Booking Websites"). Furthermore, Japan, one of our major markets, was hit by a series of severe nature disasters, including earthquake, typhoon and flooding in the past few months. Such disasters caused widespread destruction to many popular travel destinations across Japan that affected travel plans of customers. As such, our business performance was adversely affected.

During the Period, the Group recorded a revaluation gain of HK$4.2 million in our investment property. Excluding the property valuation gain and non-controlling interests, the loss for the Period attributable to owners of the Company was HK$12.1 million (2017: HK$7.0 million). Overall, the Group's loss for the Period was HK$10.0 million, representing a decrease of bottom line from the loss of HK$4.0 million for the corresponding period last year. Loss per share attributable to owners of the Company for the Period was HK1.5 cents (2017: HK0.6 cent). The Board has resolved not to declare an interim dividend for the Period (2017: Nil).

BUSINESS REVIEW

The Group's retail FIT 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, competition from OTA and Booking Websites continued to be very keen and their price-cutting tactics exerted tremendous pressure on this business line. In response to the tough operating environment, we focused on strict control of operating costs as well as enhancing the service quality to customers. We closed underperforming branches to improve its overall business performance and resource utilization. Our continuous commitment in achieving service excellence helped us to strengthen its competitiveness. To deliver a more personalized shopping experience to customers, we enhanced our training, services and incentives programs.

Furthermore, we have set up a dedicated private group tour team to cater for the growing demand for customized small group tours with tailor made itinerary. We allocated extra resources and manpower for this team to strengthen its business. Apart from providing support to the frontline travel consultants in trip planning and management, this team also organizes customized small group tours and MICE (meeting, incentive, conference and exhibition) tours. During the Period, we launched marketing activities, such as information talks and publication of a brochure, to promote the business of school and study tours. We have made efforts to cooperate with well-known organizations in order to organize quality study tours for students to learn abroad. These moves not only strengthened our FIT business by catering for the individual needs of customers with more flexible itinerary, but also enabled us to transform our FIT business to trip planning and management for small group tours with personalized services.



During the Period, to cope with the market challenges and changing business environment, the Group has undertaken various streamlining programs to improve operational cost and efficiency of this business line. We will continue to make efforts to optimize its product offerings and boosts its sales growth.

After the launching of the new online trading platform www.texpert.com and the mobile app in the second half of 2017/18, we continued to enhance the performance and functionality of these online sales channels to improve customer shopping experience and operational efficiency. Besides, we enriched the product offerings and launched active marketing programs to boost sales. With our efforts, the sales and customers volume of these channels increased significantly compared with the initial launch period. However, with a view to increase their publicity, we adopted a low pricing strategy, and thus the contribution from this online business is still minimal.

The Group's corporate business is operated mainly through Travel Expert Business Services Limited（專業旅運商務有限公司）. To achieve further business growth, this business line allocated resources to further develop the profit sharing unit to recruit more self-employed senior travel consultants to provide professional travel services to customers. The performance of the profit sharing unit brought positive contribution to this business line.

The Group's tour operation is 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, the Group's ongoing efforts in enhancing operational efficiency and reducing costs achieved a satisfactory outcome. Its enriched tour routes with different themes and features offered customers an enhanced travel experience. It continued to record encouraging results in terms of significant increase in the number of passengers and package tours. To improve its brand awareness and market recognition, the Group also committed resources in marketing activities to promoting its business. The Group remains strong determination to develop this business.

During the Period, the business of cruise holidays operated by Cruise Expert Limited（專業郵輪有限公司）continued to show a good business performance. The Group devoted resources to purchase staterooms with popular cruise lines at competitive prices so as to boost the sales growth. Recently, we have signed agreement with a cruise line to charter half of a ship, Voyager of the Seas, with a 5-night cruise itinerary of Hong Kong, Okinawa and Taipei in the 2019 Easter holiday. The cruise trip received very encouraging responses and most of the chartered staterooms have been sold.

The Group's wedding related business is operated by Take My Hand Limited（緣動有限公司）. During the Period, the operating environment for wedding business was very challenging. Due to aggressive competition in the market, it was more difficult to conclude the customer orders while the price levels of products and services dropped considerably. To reduce its operational cost and improve the business result, we restructured the sales management and operation of this business line. With the new operation structure, this business line can focus more on the overseas wedding related business.

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"). The performance of this segment recorded a loss in the Period. 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.

FINANCIAL REVIEW

Selling and Distribution Costs

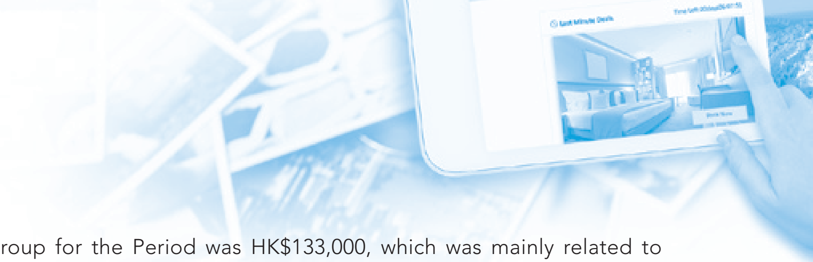
For the Period, selling and distribution costs amounted to HK$90.5 million, representing a decrease of 12.7% from HK$103.7 million for the corresponding period last year. The selling and distribution costs accounted for 82.2% of the Group's total gross profit, having decrease from 84.5% in the corresponding period last year.

The decrease of selling and distribution costs was mainly due to reduction of frontline staff cost that was contributed by the reduction of frontline headcounts and less sales commission expenses and other staff costs. Also, there was a moderate decrease of the average rental of retail premises. During the Period, we streamlined our branch network in order to enhance the operational efficiency. Besides, the Group carried out strict cost control measures and managed to maintain a reasonable selling and distribution costs level. Despite of the cost pressure, we will continue to maintain a widespread and effective sales network which is one of our key competitive advantages. We will put continuing efforts in exploring new sales channels as well. As at 30 September 2018, the Group operated a total of 41 retail shops in Hong Kong under the brand names of Travel Expert, Premium Holidays and Tailor Made Holidays.

Administrative Expenses

For the Period, administrative expenses amounted to HK$38.9 million, representing an increase of 5.4% from HK$36.9 million for the corresponding period last year. The increase was mainly due to the setup of new head office in this year that resulted in additional fixed assets depreciation expenses and office rental. Administrative expenses accounted for 35.4% of the Group's total gross profit, which increased from 30.1% 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 one back office location in Hong Kong and one in Shenzhen. With our efforts, we aimed to control the overall administrative expenses at a reasonable level although we committed to allocating extra resources for the new business development and various IT projects as well as advancement of IT applications and infrastructure. In view of the increasing operating cost pressure, the Group will continue to adopt effective control measures of administrative expenses by better allocation of its back office resources and streamlining existing working process.



Finance Costs

Finance costs of the Group for the Period was HK$133,000, which was mainly related to the interest-bearing bank borrowing of mortgage loans for the Group's properties (2017: HK$269,000).

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 2018 remained healthy with net assets value of HK$170.7 million (as at 31 March 2018: HK$160.6 million). Including the time deposits over three months, the Group had total cash and cash equivalents of HK$134.9 million as at 30 September 2018 (as at 31 March 2018: HK$126.0 million). As at 30 September 2018, in addition to an investment property with fair value at HK$76.0 million (as at 23 April 2018: HK$71.8 million, being the carrying amount of the property transferred from property, plant and equipment to investment property), the Group held a portfolio of financial assets at fair value through profit or loss at around HK$10.5 million (as at 31 March 2018: HK$12.3 million).

As at 30 September 2018, the Group's current ratio (current assets divided by current liabilities) was 1.28 times compared with 1.36 times as at 31 March 2018. The gearing ratio (interest-bearing borrowings divided by total equity) was 2.1% as compared with 13.5% as at 31 March 2018. In view of the Group's cash flow status 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 2018.

Capital Commitments

As at 30 September 2018, the Group's commitments in respect of capital expenditure were contracted but not provided for the acquisition of property, plant and equipment of approximately HK$636,000 (as at 31 March 2018: HK$466,000).

Pledge of Assets

As at 30 September 2018, the Group had outstanding bank loans amounting in total of HK$3.7 million (as at 31 March 2018: 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 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, a net foreign exchange loss of approximately HK$0.3 million was recorded (2017: exchange gain of HK$0.6 million).

Human Resources and Employee's Remuneration

As at 30 September 2018, the Group had a total workforce of 481 (as at 31 March 2018: 501), of which about 63.4% 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 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

There was no important event affecting the Group which has occurred since the six months period ended 30 September 2018.

OUTLOOK

Competition in the travel industry was more intensive than ever. As mentioned in previous years' reports, price-cutting strategies and heavy advertising programs used by OTA and Booking Websites continued to cause negative impact on the Group's business and pressure on profit margins. In view of the changing operating environment and tough challenges, we have committed substantial resources to transforming the business of Travel Expert from a travel package selling company to a trip planning and tour service company.

To cater for the changing customer preferences and needs as well as the market's increasing demand for customized itinerary that allowing travellers to enjoy extraordinary travel experience, we have established a new private group tour and MICE team. With a view to strengthen its development of direct business as well as providing better support to frontline, we will continue to allocate resources to increase the manpower and launching promotion programs on this area. Leveraging on our extensive branch network and experienced frontline sales team, we are confident that our trip planning and tour management service will differentiate us from OTA, Booking Websites and other competitors. The Group has strong commitment to transforming our FIT business to this new direction though it will require extra resources and management support.

In respect of Premium Holidays, it is encouraging that the quality and routes of its tours are well received by customers and thus recorded a solid sales growth in the past year. We will continue to strengthen the management structure of Premium Holidays in order to cater for the changing business environment. To enhance the brand position of Premium Holidays, we will conduct more marketing promotion measures to increase brand awareness and market recognition. In mid-November 2018, a new branch is opened at Tsuen Wan Luk Yeung Galleria to enhance its market exposure. We are committed to allocating resources to diversify travel routes with different themes and features in the coming years.

In order to seize the online business opportunity, the Group will continue to improve the online platform and mobile app functionalities in order to enhance the user experience and thus attract more customer usage. We will also launch marketing activities to increase the online purchasing rate and consumption.

In light of market changes and keen competition in the industry, the Group will undertake a series of restructuring and streamlining programs to simplify the back-office administrative and support functions. Furthermore, the brands consolidation exercise will enable us to leverage our strong and long established brand, Travel Expert, in future business development of private group tours, MICE tours, corporate clients, profit sharing business and exploring new business opportunities. As the brand of Travel Expert is well known by the market and customers, we will focus greater attention and resources on using this brand to acquire new customers at lower marketing expenses.

In short, we expect that the second half of the year will continue to be challenging. The management believes our ongoing efforts and decisive response will strengthen the Group's competitiveness to overcome the challenges in the coming future.

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

During the Period, the Company repurchased a total of 3,510,000 shares of the Company at an aggregate consideration of HK$2,038,800 (before expenses) on the Stock Exchange. All the repurchased shares were subsequently cancelled.

Particulars of the repurchase during the Period are as follows:

Months of share repurchase	Number of shares repurchased	Highest price paid per share HK$	Lowest price paid per share HK$	Aggregate consideration paid (before expenses) HK$
July 2018	830,000	0.64	0.59	513,600
August 2018	1,200,000	0.63	0.56	714,550
September 2018	1,480,000	0.58	0.52	810,650
	3,510,000			2,038,800

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Period.

CORPORATE GOVERNANCE

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

Under code provision A.1.3 of the CG Code, notice of at least 14 days should be given of a regular board meeting to all Directors to give them an opportunity to attend. During the Period, regular meetings were held in line with the meeting schedule as planned in the preceding year. Two unscheduled supplementary meetings were convened with less than 14 days' notice to facilitate the Directors' timely reaction and expeditious decision making process in respect of investment opportunity and internal affairs of the Group. Nevertheless, all Board meetings were duly convened and held according to the relevant requirements of the Articles of Association of the Company. The Board will use reasonable endeavour to meet the requirement of code provision A.1.3 of the CG Code in future.

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 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.

OTHER INFORMATION

DIRECTORS' INTERESTS IN SHARE CAPITAL

At 30 September 2018, 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

	Number of shares of HK$0.01 each in the Company				
Name of Director	Personal interests	Family interests	Corporate interests	Total interests	Approximate percentage of shareholding of the issued share capital
Mr. Ko Wai Ming, Daniel ("Mr. Ko")	4,240,000	8,370,000 (Note a)	356,715,000 (Note b)	369,325,000	72.41%
Ms. Cheng Hang Fan ("Mrs. Ko")	8,370,000	4,240,000 (Note a)	356,715,000 (Note b)	369,325,000	72.41%
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 and Mrs. Ko is deemed to be interested in the shares of the Company owned by Mr. 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 2018, 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.

During the six months ended 30 September 2018, there was no outstanding option and no option under the Share Option Scheme was granted.

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 2018, 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 Beneficial owner	 Family interest	Total number of shares held	Approximate percentage of the issued share capital
CHHL (Note a)	356,715,000	–	356,715,000	69.93%
Mr. Chu Hung Kwan ("Mr. Chu") (Note b)	17,400,000	11,500,000	28,900,000	5.67%
Ms. Tai Kan Yuet ("Mrs. Chu") (Note b)	11,500,000	17,400,000	28,900,000	5.67%

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 2018, 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, save and except that the director's emoluments of Mr. Ko Wai Ming, Daniel remained unchanged, and the directors' fees of the Independent Non-executive Directors have been reviewed and revised effective on 1 April 2018.

Mr. Chan Wan Fung has been appointed as an independent non-executive director and the chairman of the audit committee on 20 August 2018 and 13 September 2018 respectively by Boltek Holdings Limited, a company listed on the Stock Exchange on 13 September 2018.

Mr. Mak King Sau ceased to be an independent non-executive director and a member of the audit committee of Xinjiang Tianye Water Saving Irrigation System Company Limited, a company listed on the Stock Exchange, with effect from 31 October 2018.

INVESTMENT ACTIVITIES

For the six months ended 30 September 2018, 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.

During the period under review, as approved by the Board, the investment cap amount increased from HK$40 million to HK$80 million effective on 23 April 2018.

The details of the financial assets or liabilities purchased under the investment cap stated at fair value as at 30 September 2018 were as follows:

Investment by Categories	**30 September 2018 (unaudited) HK$'000**	31 March 2018 (audited) HK$'000
Equity securities listed in Hong Kong	**2,835**	458
Hang Seng Index	**–**	16
Fund	**–**	1,978
Bonds	**7,638**	9,808
Total Value	**10,473**	12,260

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 18 to 46 which comprise the consolidated statement of financial position of Travel Expert (Asia) Enterprises Limited and its subsidiaries as of 30 September 2018 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 of the Company 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
Wong Kwok Wai
Practising Certificate Number P06047

Hong Kong, 22 November 2018

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2018

		Six months ended 30 September	
		2018	2017
		(unaudited)	(unaudited)
	Notes	**HK$'000**	HK$'000
Revenue	6	**151,260**	162,181
Cost of sales		**(41,172)**	(39,444)
Gross profit		**110,088**	122,737
Other income and gains	6	**6,680**	9,119
Changes in fair value of investment property	13	**4,200**	4,000
Selling and distribution costs		**(90,510)**	(103,741)
Administrative expenses		**(38,946)**	(36,904)
Share of (losses)/profits of associates		**(98)**	1,576
Loss on disposal of financial assets/liabilities at fair value through profit or loss		**(1,033)**	(259)
Fair value loss on financial assets/liabilities at fair value through profit or loss		**(18)**	(27)
Loss from operations	7	**(9,637)**	(3,499)
Finance costs	8	**(133)**	(269)
Loss before income tax		**(9,770)**	(3,768)
Income tax expense	9	**(277)**	(233)
Loss for the period		**(10,047)**	(4,001)

	Notes	Six months ended 30 September 2018 (unaudited) HK$'000	2017 (unaudited) HK$'000
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
Exchange difference on translation of financial statements of overseas subsidiaries		**(318)**	160
Item that will not be reclassified to profit or loss:			
Fair value adjustment upon transfer of property, plant and equipment to investment property	13	**34,727**	–
Other comprehensive income for the period, net of tax		**34,409**	160
Total comprehensive income for the period		**24,362**	(3,841)
Loss for the period attributable to:			
Owners of the Company		**(7,940)**	(2,960)
Non-controlling interests		**(2,107)**	(1,041)
		(10,047)	(4,001)
Total comprehensive income for the period attributable to:			
Owners of the Company		**26,469**	(2,800)
Non-controlling interests		**(2,107)**	(1,041)
		24,362	(3,841)
Loss per share attributable to owners of the Company	10		
– Basic		**HK (1.5) cents**	HK (0.6) cent
– Diluted		**N/A**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2018

	Notes	30 September 2018 (unaudited) HK$'000	31 March 2018 (audited) HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	12	**33,894**	73,106
Investment property	13	**76,000**	–
Goodwill	14	**–**	445
Interests in associates		**10,574**	10,782
Deposits		**8,164**	6,509
		128,632	90,842
Current assets			
Inventories		**2,655**	1,725
Trade receivables	15	**9,162**	7,339
Prepayments, deposits and other receivables		**30,306**	57,353
Amount due from an associate		**3,312**	1,591
Financial assets at fair value through profit or loss	16	**10,473**	12,260
Prepaid tax		**1,688**	2,519
Pledged deposits		**1,661**	1,347
Time deposits over three months	17	**60,072**	45,545
Cash and cash equivalents	17	**74,868**	80,467
		194,197	210,146
Asset classified as held for sale		**–**	56,000
		194,197	266,146

	Notes	30 September 2018 (unaudited) HK$'000	31 March 2018 (audited) HK$'000
Current liabilities			
Trade payables	18	**67,962**	112,776
Accrued charges, deposits received and other payables		**26,402**	58,835
Contract liabilities	3	**50,142**	–
Bank borrowings	19	**3,651**	21,705
Amounts due to associates		**3,645**	2,221
Provision for tax		**69**	55
		151,871	195,592
Net current assets		**42,326**	70,554
Total assets less current liabilities		**170,958**	161,396
Non-current liabilities			
Deferred tax liabilities		**255**	843
Net assets		**170,703**	160,553
EQUITY			
Equity attributable to owners of the Company			
Share capital	20	**5,101**	5,136
Reserves		**172,336**	158,113
		177,437	163,249
Non-controlling interests		**(6,734)**	(2,696)
Total equity		**170,703**	160,553

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2018

	Attributable to owners of the Company									
	Share capital HK$'000	Share premium HK$'000	Merger reserve HK$'000	Foreign exchange reserve HK$'000	Other reserve HK$'000	Proposed dividend HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total Equity HK$'000
At 1 April 2017	5,136	57,779	(9,000)	(469)	1,304	10,272	106,744	171,766	(1,537)	170,229
Loss for the period	–	–	–	–	–	–	(2,960)	(2,960)	(1,041)	(4,001)
Other comprehensive income:										
Exchange alignment	–	–	–	160	–	–	–	160	–	160
Total comprehensive income for the period	–	–	–	160	–	–	(2,960)	(2,800)	(1,041)	(3,841)
Final dividend paid	–	–	–	–	–	(10,272)	–	(10,272)	–	(10,272)
At 30 September 2017 (unaudited)	5,136	57,779	(9,000)	(309)	1,304	–	103,784	158,694	(2,578)	156,116

	Attributable to owners of the Company											
	Share capital HK$'000	Share premium HK$'000	Share redemption reserve HK$'000	Merger reserve HK$'000	Foreign exchange reserve HK$'000	Asset revaluation reserve HK$'000	Other reserve HK$'000	Proposed dividend HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total Equity HK$'000
At 1 April 2018	5,136	57,779	-	(9,000)	(110)	-	1,304	10,272	97,868	163,249	(2,696)	160,553
Loss for the period	-	-	-	-	-	-	-	-	(7,940)	(7,940)	(2,107)	(10,047)
Other comprehensive income:												
Exchange alignment	-	-	-	-	(318)	-	-	-	-	(318)	-	(318)
Fair value adjustment upon transfer of property, plant and equipment to investment property (note 13)	-	-	-	-	-	34,727	-	-	-	34,727	-	34,727
Total comprehensive income for the period	-	-	-	-	(318)	34,727	-	-	(7,940)	26,469	(2,107)	24,362
Final dividend paid	-	-	-	-	-	-	-	(10,272)	30*	(10,242)	-	(10,242)
Repurchase of the Company's own shares	(35)	(2,039)	35	-	-	-	-	-	-	(2,039)	-	(2,039)
Deregistration of a subsidiary	-	-	-	-	-	-	-	-	-	-	(1,931)	(1,931)
At 30 September 2018 (unaudited)	5,101	55,740	35	(9,000)	(428)	34,727	1,304	-	89,958	177,437	(6,734)	170,703

* Due to the repurchase of the Company's own shares during the period, the final dividend paid of HK$10,242,000 is less than the proposed dividend of HK10,272,000. Accordingly, the difference of HK$30,000 is transferred to retained profits.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2018

	Six months ended 30 September 2018 (unaudited) HK$'000	2017 (unaudited) HK$'000
Cash used in operations	**(15,344)**	(3,718)
Income tax paid	**(20)**	(10)
Net cash used in operating activities	**(15,364)**	(3,728)
Cash flows from investing activities		
Purchase of property, plant and equipment	**(1,142)**	(850)
Proceeds from disposal of investment property	**56,000**	–
Net change in balances with associates	**(297)**	–
Dividend income	**–**	122
(Increase)/decrease in pledged deposits	**(314)**	1,060
(Increase)/decrease in time deposits with an original maturity of more than three months	**(14,527)**	39,751
Interest received	**721**	879
Net cash generated from investing activities	**40,441**	40,962
Cash flows from financing activities		
Dividends paid	**(10,242)**	(10,272)
Repayment of bank and other borrowings	**(18,054)**	(2,014)
Repurchase of the Company's own shares	**(2,039)**	–
Interest paid	**(133)**	(269)
Net cash used in financing activities	**(30,468)**	(12,555)
Net (decrease)/increase in cash and cash equivalents	**(5,391)**	24,679
Cash and cash equivalents at beginning of period	**80,467**	42,314
Effect of foreign exchange rate changes	**(208)**	(174)
Cash and cash equivalents at end of period	**74,868**	66,819

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 Units A-C, 9/F., D2 Place TWO, 15 Cheung Shun Street, 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 principal activity of the Company is investment holding. The principal activities of the Company's subsidiaries are the provision of services relating to the sale of air-tickets, hotel accommodation and other travel/wedding related products, provision of package tours, property investment and investment in treasury activities.

The condensed consolidated interim financial statements for the six months ended 30 September 2018 were approved and authorised for issue by the board of directors (the "Directors") on 22 November 2018.

2. BASIS OF PREPARATION

These condensed consolidated interim financial statements for the six months ended 30 September 2018 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 2018.

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 2018, 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 2018.

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 impact of the adoption of HKFRS 9 "Financial Instruments" and HKFRS 15 "Revenue from Contracts with Customers" have been summarised below. The other new or amended HKFRSs that are effective from 1 January 2018 did not have any material impact on the Group's accounting policies.

HKFRS 9 – Financial Instruments ("HKFRS 9")

HKFRS 9 replaces HKAS 39 "Financial Instruments: Recognition and Measurement" ("HKAS 39") for annual periods beginning on or after 1 April 2018, bringing together all three aspects of the accounting for financial instruments: (1) classification and measurement; (2) impairment and (3) hedge accounting. The adoption of HKFRS 9 from 1 April 2018 has resulted in changes in accounting policies of the Group. However, it does not have significant impact on the classification and the amounts of financial instruments recognised in the interim financial information.

Classification and measurement of financial instruments

HKFRS 9 basically retains the existing requirements in HKAS 39 for the classification and measurements of financial liabilities. However, it eliminates the previous HKAS 39 categories for financial assets of held-to-maturity financial assets, loans and receivables and available-for-sale financial assets. The adoption of HKFRS 9 has no material impact on the Group's accounting policies in relation to financial liabilities. The impact of HKFRS 9 on the Group's classification and measurement of financial assets is set out below:

Under HKFRS 9, except for certain trade receivables (that the trade receivables do not contain a significant financing component in accordance with HKFRS 15), an entity shall, at initial recognition, measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), transaction costs. A financial asset is classified as: (i) financial assets at amortised cost ("amortised costs"); (ii) financial assets at fair value through other comprehensive income ("FVOCI"); or (iii) FVTPL (as defined in above). The classification of financial assets under HKFRS 9 is generally based on two criteria: (i) the business model under which the financial asset is managed and (ii) its contractual cash flow characteristics (the "solely payments of principal and interest" criterion, also known as "SPPI criterion"). Under HKFRS 9, embedded derivatives is no longer required to be separated from a host financial asset. Instead, the hybrid financial instrument is assessed as a whole for the classification.

3. ACCOUNTING POLICIES (Cont'd)

HKFRS 9 – Financial Instruments ("HKFRS 9") (Cont'd)

Classification and measurement of financial instruments (Cont'd)

A financial asset is measured at amortised cost if it meets both of the following conditions and it has not been designated as at FVTPL:

- It is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

A debt investment is measured at FVOCI if it meets both of the following conditions and it has not been designated as at FVTPL:

- It is held within a business model whose objective is to achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

The following accounting policies would be applied to the Group's financial assets as follows:

Amortised cost	Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.
FVTPL	If the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

The following table summarises the original measurement categories under HKAS 39 and the new measurement categories under HKFRS 9 for each class of the Group's financial assets as at 1 April 2018:

3. ACCOUNTING POLICIES (Cont'd)

HKFRS 9 – Financial Instruments ("HKFRS 9") (Cont'd)

Classification and measurement of financial instruments (Cont'd)

Financial assets	Original classification under HKAS 39	New classification under HKFRS 9	Carrying amount as at 1 April 2018 under HKAS 39 HK$'000	Carrying amount as at 1 April 2018 under HKFRS 9 HK$'000
Financial assets at fair value through profit or loss	FVTPL	FVTPL	12,260	12,260
Trade receivables	Loans and receivables	Amortised cost	7,339	7,339
Other receivables	Loans and receivables	Amortised cost	30,898	30,898
Amount due from an associate	Loans and receivables	Amortised cost	1,591	1,591
Pledged deposits	Loans and receivables	Amortised cost	1,347	1,347
Time deposits over three months	Loans and receivables	Amortised cost	45,545	45,545
Cash and cash equivalents	Loans and receivables	Amortised cost	80,467	80,467

The adoption of HKFRS 9 did not have a significant impact on the classification and measurement of the Group's financial assets. Trade receivables, other receivables as well as amount due from an associate are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Group analysed the contractual cash flow characteristics of those instruments and concluded that they meet the criteria for amortised cost measurement under HKFRS 9. Therefore, reclassification for these instruments is not required. These financial assets continue to be measured at amortised cost and are subsequently measured using effective interest rate method.

There is no impact on Group's accounting for financial liabilities, as the new requirement under HKFRS 9 only affect the accounting for financial liabilities that are designated at FVTPL of which the Group does not have any.

Impairment of financial assets

HKFRS 9 replaces the "incurred loss" model in HKAS 39 with the expected credit loss ("ECL") model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises ECLs earlier than under the "incurred loss" accounting model in HKAS 39.

The Group applies the new ECL model to the financial assets measured at amortised cost, including trade receivables, other receivables, amount due from an associate, pledged deposits, time deposits over three months and cash and cash equivalents.

The adoption of the new ECL model has no significant impact to the financial statements of the Group.

3. ACCOUNTING POLICIES (Cont'd)

HKFRS 9 – Financial Instruments ("HKFRS 9") (Cont'd)

Transition

The Group has applied the transitional provision in HKFRS 9 such that HKFRS 9 was generally adopted without restating comparative information. The reclassifications and the adjustments arising from the new ECL model, if any, are therefore not reflected in the consolidated statement of financial position as at 31 March 2018, but are recognised in the consolidated statement of financial position on 1 April 2018. Based on the management's assessment, there was no material differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of HKFRS 9 recognised in retained earnings and reserves as at 1 January 2018.

HKFRS 15 – Revenue from Contracts with Customers ("HKFRS 15")

HKFRS 15 supersedes HKAS 11 "Construction Contracts", HKAS 18 "Revenue" and related interpretations. HKFRS 15 has established a five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at the amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

Timing of revenue recognition

Previously, income from provision of package tours is recognised when the services are rendered by the Group as a principal on a gross basis. Service income is recognised upon services in respect of the sales of air tickets, hotel accommodation and other travel/wedding related products are provided by the Group as an agent on a net basis.

Under HKFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. This may be at a single point in time or over a period of time. HKFRS 15 identifies the following three situations in which control of the promised good or service is regarded as being transferred over time:

- When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;
- When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced; or
- When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under HKFRS 15 the entity recognises revenue for the sale of that good or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that is considered in determining when the transfer of control occurs.

3. ACCOUNTING POLICIES (Cont'd)

HKFRS 15 – Revenue from Contracts with Customers ("HKFRS 15") (Cont'd)

Timing of revenue recognition (Cont'd)

The adoption of HKFRS 15 does not have a significant impact on when the Group recognises revenue from package tours and services in respect of the sales of air tickets, hotel accommodation and other travel/wedding related products.

Based on the management's assessment, revenue arising from package tours is recognised over time as the customer simultaneously receives and consumes all of the benefit provided by the Group's performance as the Group performs. This means that if another travel agent was to take over providing the remaining performance obligation to the customer, it would not have to substantially re-perform the work already completed by the Group.

Also, in respect of transactions where the related consideration is concluded to be recognised as revenue over time, the Group has determined that an input method is an appropriate method to measure the Group's progress towards complete satisfaction of a performance obligation satisfied over time.

Revenue from services in respect of the sales of air tickets, hotel accommodation and other travel/wedding related products are recognised at a point in time when the booking services or tickets are delivered to and have been accepted by the customers.

Principal versus agent considerations

HKFRS 15 requires an entity to determine whether it is the principal in the transaction or the agent on the basis of whether it controls the goods or services before they are transferred to the customer. Prior to the adoption of HKFRS 15, based on the existence of credit risks and other factors, the Group concluded that they have an exposure to the significant risks and rewards associated with certain sale arrangements to their customers, and accounted for the contracts, such as sales of package tours, as if they were acting as a principal. In applying the new guidance, the Group determined that it controls the goods or services before they are transferring to customers, and hence, is a principal in these contracts. Similarly, the Group has reassessed the principal and agent relationship for the sales of air tickets, hotel accommodation and other travel/wedding related products and services of which revenue was recognised on net basis as the Group acted as an agent prior to the adoption of HKFRS 15. The Group determined that they continue acting as an agent for these transactions and recognises the revenue on net basis. The Group concluded that the adoption of HKFRS 15 has no material changes on the interim financial information as at 1 April 2018 and 30 September 2018 in this respect.

3. ACCOUNTING POLICIES (Cont'd)

HKFRS 15 – Revenue from Contracts with Customers ("HKFRS 15") (Cont'd)

Presentation of contract liabilities

Under HKFRS 15, a contract liability, rather than a payable, is recognised when a customer pays consideration, or is contractually required to pay consideration and the amount is already due, before the Group recognises the related revenue. For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

Previously, contract balances relating to "Customer deposits received" were presented in the consolidated statement of financial position under "Accrued charges, deposits received and other payables".

To reflect these changes in presentation, the Group has made the reclassification adjustment as at 1 April 2018. As a result of the adoption of HKFRS 15, the amount of approximately HK$27,430,000 included in "Accrued charges, deposits received and other payables – Deposits received" as at 1 April 2018 is now classified as contract liabilities.

4. USE OF JUDGEMENTS AND ESTIMATES

In preparing this condensed consolidated interim financial statements, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to 2018 annual financial statements, except for new significant judgements and key sources of estimation uncertainty related to the application of HKFRS 9 and HKFRS 15 as described in note 3.

5. 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 Six months ended 30 September		Rental income from investment property Six months ended 30 September		Treasury activities Six months ended 30 September		Total Six months ended 30 September	
	2018 (unaudited) HK$'000	2017 (unaudited) HK$'000	**2018 (unaudited) HK$'000**	2017 (unaudited) HK$'000	**2018 (unaudited) HK$'000**	2017 (unaudited) HK$'000	**2018 (unaudited) HK$'000**	2017 (unaudited) HK$'000
Revenue								
From external customers	**150,849**	161,801	**411**	380	**–**	–	**151,260**	162,181
Reportable segment revenue	**150,849**	161,801	**411**	380	**–**	–	**151,260**	162,181
Reportable segment (loss)/profit	**(8,492)**	(8,606)	**3,732**	4,049	**(2,316)**	(49)	**(7,076)**	(4,606)
Interest income	**388**	830	**–**	–	**333**	49	**721**	879
Changes in fair value of investment property	**–**	–	**4,200**	4,000	**–**	–	**4,200**	4,000
Finance costs	**(60)**	(112)	**(73)**	(157)	**–**	–	**(133)**	(269)
Dividend income	**–**	–	**–**	–	**–**	122	**–**	122
Depreciation	**(3,016)**	(4,635)	**(81)**	–	**–**	–	**(3,097)**	(4,635)
Impairment loss on property, plant and equipment	**(88)**	(1,145)	**–**	–	**–**	–	**(88)**	(1,145)
Impairment loss on goodwill	**(445)**	–	**–**	–	**–**	–	**(445)**	–
Loss on disposal of financial assets/ liabilities at fair value through profit or loss	**–**	–	**–**	–	**(1,033)**	(259)	**(1,033)**	(259)
Fair value loss on financial assets/ liabilities through profit or loss	**–**	–	**–**	–	**(18)**	(27)	**(18)**	(27)
Gain on deregistration of a subsidiary	**214**	–	**–**	–	**–**	–	**214**	–

	Travel and travel/ wedding related business		Rental income from investment property		Treasury activities		Total	
	At 30 September 2018 (unaudited) HK$'000	At 31 March 2018 (audited) HK$'000	**At 30 September 2018 (unaudited) HK$'000**	At 31 March 2018 (audited) HK$'000	**At 30 September 2018 (unaudited) HK$'000**	At 31 March 2018 (audited) HK$'000	**At 30 September 2018 (unaudited) HK$'000**	At 31 March 2018 (audited) HK$'000
Reportable segment assets	**194,864**	246,971	**77,240**	56,064	**35,020**	38,842	**307,124**	341,877
Additions to non-current segment assets during the period/year	**2,282**	7,988	**802**	6	**–**	–	**3,084**	7,994
Reportable segment liabilities	**150,171**	180,429	**30**	12,969	**63**	33	**150,264**	193,431

5. SEGMENT INFORMATION (Cont'd)

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	
	2018	2017
	(unaudited)	(unaudited)
	HK$'000	HK$'000
Reportable segment revenue	**151,260**	162,181
Group revenue	**151,260**	162,181
Reportable segment loss	**(7,076)**	(4,606)
Other corporate (expenses)/income	**(2,694)**	838
Loss before income tax	**(9,770)**	(3,768)

	At	At
	30 September	31 March
	2018	2018
	(unaudited)	(audited)
	HK$'000	HK$'000
Reportable segment assets	**307,124**	341,877
Other corporate assets	**15,705**	15,111
Group assets	**322,829**	356,988
Reportable segment liabilities	**150,264**	193,431
Other corporate liabilities	**1,862**	3,004
Group liabilities	**152,126**	196,435

5. SEGMENT INFORMATION (Cont'd)

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

	Revenue from external customers		Non-current assets	
	Six months ended 30 September		At 30 September	At 31 March
	2018	2017	**2018**	2018
	(unaudited)	(unaudited)	**(unaudited)**	(audited)
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong (domicile)	**151,194**	162,121	**127,517**	89,480
The People' s Republic of China (the "PRC") excluding Hong Kong	**66**	60	**1,115**	1,362
	151,260	162,181	**128,632**	90,842

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.

Disaggregation of revenue:

	Travel and travel/ wedding related business Six months ended 30 September		Rental income from investment property Six months ended 30 September		Total Six months ended 30 September	
	2018	2017	**2018**	2017	**2018**	2017
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)	**(unaudited)**	(unaudited)
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Geographical region						
Hong Kong	**150,783**	161,741	**411**	380	**151,194**	162,121
The PRC	**66**	60	**–**	–	**66**	60
	150,849	161,801	**411**	380	**151,260**	162,181
Timing of revenue recognition						
At a point in time	**104,901**	119,909	**–**	–	**104,901**	119,909
Transferred over time	**45,948**	41,892	**411**	380	**46,359**	42,272
	150,849	161,801	**411**	380	**151,260**	162,181

6. REVENUE, OTHER INCOME AND GAINS

The Group's principal activities are the provision of services relating to the sale of air-tickets, hotel accommodation and other travel/wedding related products, provision of package tours, property investment and investment in treasury activities.

An analysis of the Group's revenue from principal activities, other income and gains is as follows:

	Six months ended 30 September	
	2018	2017
	(unaudited)	(unaudited)
	HK$'000	HK$'000
Revenue		
Service income from sales of travel/ wedding related products (note)	**104,901**	119,909
Sales of package tours (note)	**45,948**	41,892
Rental income from investment property	**411**	380
	151,260	162,181
Other income and gains		
Rental income	**371**	–
Interest income on deposits in banks and financial institutions stated at amortised cost	**721**	840
Interest income on debt securities	**–**	39
Dividend income from listed securities	**–**	122
Exchange gains	**–**	617
Sundry income	**5,588**	7,501
	6,680	9,119
Total revenue, other income and gains	**157,940**	171,300

Note:

Total customer sales proceeds

	Six months ended 30 September	
	2018	2017
	(unaudited)	(unaudited)
	HK$'000	HK$'000
Gross sales proceeds related to service income*	**698,645**	773,235
Sales of package tours	**45,948**	41,892
Total customer sales proceeds	**744,593**	815,127

* 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.

7. LOSS FROM OPERATIONS

	Six months ended 30 September 2018 (unaudited) HK$'000	2017 (unaudited) HK$'000
Loss from operations is arrived at after charging/(crediting):		
Depreciation of property, plant and equipment*	**3,116**	4,645
Loss on disposal of property, plant and equipment	**77**	26
Impairment loss on property, plant and equipment	**88**	1,145
Changes in fair value of investment property (note 13)	**(4,200)**	(4,000)
Impairment loss on goodwill	**445**	–
Gain on deregistration of a subsidiary	**(214)**	–
Net foreign exchange loss/(gain)	**307**	(617)
Operating lease charges in respect of leasehold premises		
– Minimum leases payments	**23,001**	23,888
– Contingent rents**	**82**	85
	23,083	23,973
Operating leases in respect of office equipment	**990**	1,121
Staff costs (including directors' remuneration)		
– Salaries	**68,917**	77,479
– Retirement scheme contribution	**2,880**	3,263
	71,797	80,742

* Depreciation expenses have been included in:

- selling and distribution costs of approximately HK$826,000 for the six months ended 30 September 2018 (six months ended 30 September 2017: HK$1,898,000); and
- administrative expenses of approximately HK$2,290,000 for the six months ended 30 September 2018 (six months ended 30 September 2017: HK$2,747,000).

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

8. FINANCE COSTS

	Six months ended 30 September 2018 (unaudited) HK$'000	2017 (unaudited) HK$'000
Interests on bank borrowings	**133**	269

9. INCOME TAX EXPENSE

	Six months ended 30 September 2018 (unaudited) HK$'000	2017 (unaudited) HK$'000
Current tax – Hong Kong		
Tax for the period	**865**	201
Deferred tax	**(588)**	32
	277	233

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 2017 and 2018 respectively.

Hong Kong profits tax is calculated at 16.5% (six months ended 30 September 2017: 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.

10. LOSS PER SHARE

The calculation of the basic loss per share is based on the loss for the period attributable to owners of the Company of approximately HK$7,940,000 (six months ended 30 September 2017: HK$2,960,000) and the weighted average number of ordinary shares in issue of 512,802,000 (six months ended 30 September 2017: 513,579,000) during the period.

No diluted loss per share is presented for six months ended 30 September 2017 and 2018 as there was no outstanding share option during the periods.

11. INTERIM DIVIDEND

The Directors do not recommend the payment of any interim dividend for the six months ended 30 September 2018 (six months ended 30 September 2017: Nil).

12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2018, the Group incurred capital expenditures of approximately HK$682,000 (six months ended 30 September 2017: HK$47,000) in leasehold improvements, approximately HK$394,000 (six months ended 30 September 2017: HK$775,000) in office equipment, approximately HK$66,000 (six months ended 30 September 2017: HK$28,000) in furniture and fixtures.

During the six months ended 30 September 2018, losses on travel and travel/wedding related business segment caused the Group to assess the recoverable amount of the property, plant and equipment. Based on the assessment, an impairment loss of approximately HK$88,000 (six months ended 30 September 2017: HK$1,145,000) was recognised and charged to the consolidated statement of comprehensive income for six months ended 30 September 2018. The recoverable amounts of these property, plant and equipment using value in use calculation were determined by the discounted cash flows generated from these travel and travel related and wedding related business based on a management budget plan and a pre-tax discount rate of 8% and 3%, respectively.

13. INVESTMENT PROPERTY

	30 September 2018 (unaudited) HK$'000	31 March 2018 (audited) HK$'000
At the beginning of the period/year	**–**	51,000
Transferred from property, plant and equipment	**71,800**	–
Changes in fair value of investment property	**4,200**	5,000
Classified as asset held for sale	**–**	(56,000)
At the end of the period/year	**76,000**	–

As at 31 March 2018, the investment property (classified as held for sale) represents property interests held under operating leases to earn rentals or for capital appreciation purposes and the medium term leasehold land in Hong Kong will expire in 2047. The property is situated at Yuen Long Town Lot No. 42 and known as Shop D1 on Ground Floor, Fung Hing Building, Nos. 33-35 Yuen Long Hong Lok Road, 36, 40 & 42 Kau Yuk Road, Yuen Long, New Territories, Hong Kong. On 22 February 2018, the Group entered into a provisional sale and purchase agreement with an independent third party (the "Purchaser") pursuant to which the Group agreed to sell and the Purchaser agreed to purchase the property at a consideration of HK$56,000,000. As at 31 March 2018, the carrying amount of the investment property of HK$56,000,000 was classified as asset held for sale. The transaction was completed during the period ended 30 September 2018.

13. INVESTMENT PROPERTY (Cont'd)

As at 23 April 2018, carrying amount of the property of HK$71,800,000 was transferred from property, plant and equipment to investment property. The fair value gain of HK$34,727,000 as at that date was recognised in asset revaluation reserve in equity. The investment property as at 30 September 2018 represents property interests held under operating leases to earn rentals or for capital appreciation purposes and the medium term leasehold land in Hong Kong will expire in 2047. The investment property is situated at 9th Floor, Kowloon Plaza, No. 485 Castle Peak Road, Cheung Sha Wan, Kowloon.

The fair value of the Group's investment property as at 23 April 2018 (date of transfer of property, plant and equipment to investments property) and 30 September 2018 were arrived at on the basis of the valuation carried out as at that date by B.I. Appraisals Limited, an independent qualified professional valuer not connected to the Group. B.I. Appraisals Limited is a member of the Hong Kong Institute of Surveyors, and has appropriate qualifications and recent experience in the valuation of properties in the relevant location.

The valuations were arrived at using the investment approach by taking into account the current net rents passing of the property being held under existing tenancy and the reversionary potential of the property and by making reference to comparable leasing evidence in the relevant market. The fair value measurement is positively correlated to the market monthly rental rate and negatively correlated to reversionary yield.

	Valuation technique	**Significant unobservable inputs**	**30 September 2018 Range**	23 April 2018 Range	31 March 2018 Range
Investment property	Investment method	Market monthly rental rate taking into account of individual factors such as location, environment, age, accessibility, floor, size, etc. (HK$/square feet)	**HK$29 to HK$31**	HK$27 to HK$31	HK$100 to HK$350
		Reversionary yield	**3.5% to 4.1%**	3.5% to 4.1%	2.3% to 3.6%

There were no changes to the valuation techniques during the period.

The fair value measurement is based on the above property's highest and best use, which does not differ from their actual use.

13. INVESTMENT PROPERTY (Cont'd)

The fair value of investment properties is a level 3 recurring fair value measurement. A reconciliation of the opening and closing fair value balance is provided below.

	2018 **HK$'000**
Opening balance	**–**
Transfer from property, plant and equipment (level 3 recurring fair value)	**71,800**
Changes in fair value of investment property	**4,200**
Closing balance (level 3 recurring fair value)	**76,000**
Changes in unrealised gain for the period included in profit or loss for the assets held at 30 September	**4,200**

14. GOODWILL

	30 September 2018 (unaudited) HK$'000	31 March 2018 (audited) HK$'000
Gross carrying amount		
At the beginning and the end of the period/year	**445**	445
Accumulated impairment		
At the beginning of the period/year	**–**	–
Impairment losses recognised	**(445)**	–
At the end of the period/year	**(445)**	–
Net carrying amount	**–**	445

For the purpose of impairment testing, goodwill is allocated to the cash-generating unit of wedding business.

The recoverable amount for the cash-generating unit was determined based on the value in use calculations, covering a detailed four-year budget plan which represents the business cycle and strategy plan of the Group's wedding-related business and discount rate of 3% (31 March 2018: 3%) estimated by the management.

During the period, the Group's wedding business experienced decrease in the revenue caused by unfavourable market conditions and intense price competition. This had an adverse impact on the estimated value in use of that cash generating unit and resulted in the recognition of an impairment loss of goodwill of HK$445,000 in wedding business, which was expensed in the consolidated statement of comprehensive income.

14. GOODWILL (Cont'd)

The key assumption has been determined based on past performance and expectations for the market development after taking into consideration published market forecast and research. The discount rate used is pre-tax rate and reflects specific risks relating to the relevant segment.

Apart from the considerations described in determining the value in use of the cash-generating unit above, the Group's management is not currently aware of any other probable changes that would necessitate changes in its key estimates. However, the key estimates are particularly sensitive to the market development.

15. TRADE RECEIVABLES

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

	30 September 2018 (unaudited) HK$'000	31 March 2018 (audited) HK$'000
0–30 days	**5,967**	4,526
31–90 days	**3,033**	2,558
Over 90 days	**162**	255
	9,162	7,339

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.

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS AND FAIR VALUE MEASUREMENT

	Notes	**30 September 2018 (unaudited) HK$'000**	31 March 2018 (audited) HK$'000
Equity securities held for trading, at fair value, listed in Hong Kong, the PRC and overseas	(a)	**2,835**	458
Debt securities held for trading, at fair value, listed in Hong Kong	(b)	**1,898**	5,869
Debt securities held for trading, at fair value, listed in overseas	(b)	**5,740**	3,939
Derivative financial instruments – Hang Seng Index future contract	(a)	**–**	16
Listed investment fund	(a)	**–**	1,978
Total		**10,473**	12,260

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS AND FAIR VALUE MEASUREMENT (Cont'd)

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 values 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 measured at fair value in the consolidated statement of financial position in accordance with the fair value hierarchy. The hierarchy groups financial assets 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).

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 2018			
	Level 1 HK$'000 (unaudited)	Level 2 HK$'000 (unaudited)	Level 3 HK$'000 (unaudited)	Total HK$'000 (unaudited)
Financial assets at fair value through profit or loss				
– Listed debt securities	7,638	–	–	7,638
– Listed equity securities	2,835	–	–	2,835
Total	10,473	–	–	10,473

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS AND FAIR VALUE MEASUREMENT (Cont'd)

	31 March 2018			
	Level 1 HK$'000 (audited)	Level 2 HK$'000 (audited)	Level 3 HK$'000 (audited)	Total HK$'000 (audited)
Financial assets at fair value through profit or loss				
– Derivatives	16	–	–	16
– Debt securities	9,808	–	–	9,808
– Listed equity investments	458	–	–	458
– Listed investment fund	1,978	–	–	1,978
Total	12,260	–	–	12,260

There were no transfers between levels during the period.

The carrying amounts of the financial instruments carried at amortised cost are not materiality different from their fair values as at 30 September 2018 and 31 March 2018.

17. TIME DEPOSITS AND CASH AND CASH EQUIVALENTS

	30 September 2018 (unaudited) HK$'000	31 March 2018 (audited) HK$'000
Cash deposits in banks and financial institutions	**64,868**	60,467
Short-term deposits in banks	**70,072**	65,545
	134,940	126,012
Less: Time deposits with an original maturity of more than three months	**(60,072)**	(45,545)
Cash and cash equivalents	**74,868**	80,467

18. TRADE PAYABLES

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

	30 September 2018 (unaudited) HK$'000	31 March 2018 (audited) HK$'000
0–30 days	**39,634**	76,764
31–90 days	**17,544**	23,721
Over 90 days	**10,784**	12,291
	67,962	112,776

19. BANK BORROWINGS

	30 September 2018 (unaudited) HK$'000	31 March 2018 (audited) HK$'000
Secured bank borrowings		
Portion due for repayment within one year	**482**	3,572
Portion due for repayment after one year which contains a repayable on demand clause	**3,169**	18,133
	3,651	21,705

The Group's interest-bearing bank borrowing of approximately HK$3,651,000 (31 March 2018: HK$3,888,000) bears interest at a floating rate of 2.15% per annum below HKD prime.

As at 31 March 2018, the Group's interest-bearing bank borrowing of approximately HK$5,272,000 bears interest at a floating rate of 1.60% per annum over HIBOR with capped rate of 2.90% per annum below HKD prime are secured by the Group's land and buildings of approximately HK$65,028,000. The balance was fully repaid during the period.

As at 31 March 2018, the Group's interest-bearing bank borrowing of approximately HK$12,545,000 bears interest at a floating rate of 2.85% per annum below HKD prime and is secured by the Group's asset classified as held for sale of approximately HK$56,000,000 (note 13). The balance was fully repaid during the period.

19. BANK BORROWINGS (Cont'd)

The current liabilities include bank borrowings of approximately HK$3,169,000 (31 March 2018: HK$18,133,000) that are not scheduled for repayment within one year. They are classified as current liabilities as the related loan agreements contain a clause that provides the lenders with an unconditional right to demand repayment at any time at their 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 30 September 2018 and 31 March 2018.

20. SHARE CAPITAL

	30 September 2018		31 March 2018	
	Number of shares (unaudited) 000	**Amount (unaudited) HK$'000**	Number of shares (audited) 000	Amount (audited) HK$'000
Authorised:				
Ordinary shares of HK$0.01 each	**2,000,000**	**20,000**	2,000,000	20,000
Issued and fully paid:				
Ordinary shares of HK$0.01 each				
At the beginning of the period/year	**513,579**	**5,136**	513,579	5,136
Repurchase of the Company's own shares	**(3,510)**	**(35)**	–	–
At the end of the period/year	**510,069**	**5,101**	513,579	5,136

21. COMMITMENTS

Operating lease commitments

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 meet certain specified level.

21. COMMITMENTS (Cont'd)

Operating lease commitments (Cont'd)

As lessee (Cont'd)

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

	30 September 2018 (unaudited) HK$'000	31 March 2018 (audited) HK$'000
Buildings:		
– Within one year	**34,713**	33,187
– In the second to fifth years, inclusive	**14,942**	23,317
	49,655	56,504

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 2018 (unaudited) HK$'000	31 March 2018 (audited) HK$'000
– Within one year	**1,135**	399
– In the second to fifth years, inclusive	**1,324**	–
	2,459	399

Capital commitment

As at 30 September 2018, the Group's commitments in respect of capital expenditure were contracted but not provided for the acquisition of property, plant and equipment of approximately HK$636,000 (31 March 2018: HK$466,000).

22. RELATED PARTY TRANSACTIONS

In addition to those disclosed elsewhere in the condensed consolidated interim financial statements, the following transactions were carried out by the Group with related parties during the period.

(a) Significant related party transactions

	Six months ended 30 September 2018 (unaudited) HK$'000	2017 (unaudited) HK$'000
Rental expenses paid to related companies (note 1)	**–**	1,172
Rental expenses paid to an associate	**404**	–

Notes:

1. Mr. Ko Wai Ming, Daniel and/or Ms. Cheng Hang Fan, the directors of the Company, are directors and/or ultimate beneficial owners of these related companies.
2. 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 period were as follows:

	Six months ended 30 September 2018 (unaudited) HK$'000	2017 (unaudited) HK$'000
Short term employee benefits	**2,589**	2,221
Retirement scheme contribution	**30**	35
	2,619	2,256