

# 專業旅運(亞洲)企業有限公司 Travel Expert (Asia) Enterprises Limited

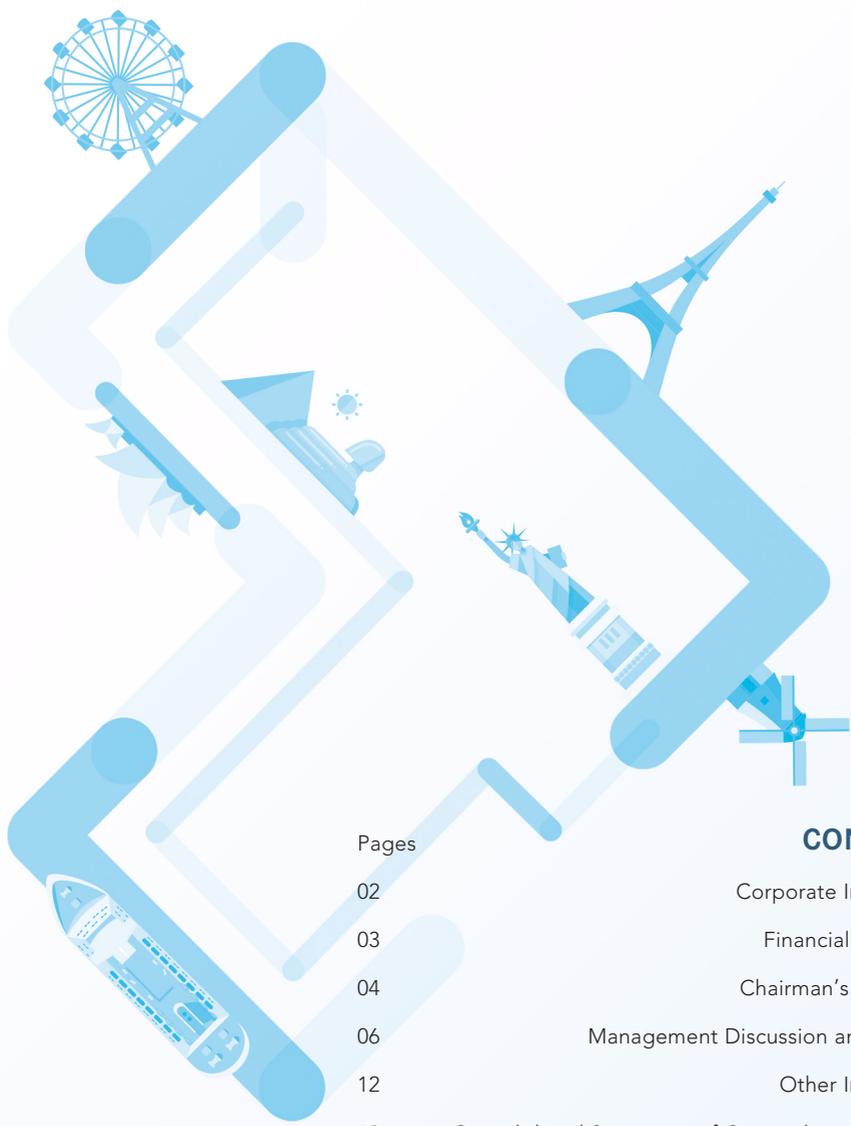
(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1235)



**專業旅運**<sup>®</sup>  
Travel **Expert**

*Pinpoints*  
**YOUR  
JOURNEY**



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## CORPORATE INFORMATION

### DIRECTORS

#### Executive Directors

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

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

#### Independent Non-executive Directors

Mr. Chau Kwok Wing, Kelvin

Mr. Mak King Sau

Mr. Yung Ha Kuk, Victor

### AUDIT COMMITTEE

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

Mr. Chau Kwok Wing, Kelvin

Mr. Mak King Sau

### NOMINATION COMMITTEE

Mr. Chau Kwok Wing, Kelvin (*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. Chau Kwok Wing, Kelvin

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, LiFung Tower  
No. 868 Cheung Sha Wan Road  
Kowloon  
Hong Kong

### PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

Suntera (Cayman) Limited  
Suite 3204, Unit 2A, Block 3, Building D  
P. O. Box 1586, Gardenia Court  
Camana Bay, Grand Cayman  
KY1-1100, Cayman Islands

### BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Investor Services Limited  
Level 54, Hopewell Centre  
183 Queen's Road East  
Hong Kong

### COMPANY WEBSITE

[www.tegroup.com.hk](http://www.tegroup.com.hk)

### STOCK CODE

The Stock Exchange of Hong Kong Limited:  
1235

## FINANCIAL HIGHLIGHTS

	Notes	Six months ended 30 September		Change
		2021 HK\$'000	2020 HK\$'000	

### Profitability

Total customer sales proceeds		<b>24,277</b>	18,057	+34.4%
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Revenue				
– Service income from sales of travel/wedding related products		<b>3,287</b>	2,269	+44.9%
– Sales of package tours		<b>390</b>	–	N/A
– Sales of frozen food and groceries		<b>187</b>	–	N/A
– Rental income from investment properties		<u>–</u>	<u>307</u>	-100%
		<b>3,864</b>	2,576	+50.0%

Loss attributable to owners of the Company		<b>(7,163)</b>	(19,423)	
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Loss per share				
– Basic (HK cents)	1	<b>(1.4)</b>	(3.8)	

### Financial ratio

Return on equity (%)	2	<b>-10.1%</b>	-21.2%	
Current ratio (time)	3	<b>3.46</b>	3.19	

#### Notes:

- 1 The calculation of the basic loss per share is based on 509,859,000 (2020: 509,859,000) 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.



## CHAIRMAN'S STATEMENT

Dear Shareholders,

During the six months ended 30 September 2021 (the "Period"), the operating environment of travel industry remained extremely challenging. The loss attributable to owners of the Company was HK\$7.2 million as compared with the loss of HK\$19.4 million for the same period last year. The total revenue for the Period was HK\$3.9 million, representing an increase of 50.0% from HK\$2.6 million for the same period last year.

Since the outbreak of Coronavirus Disease 2019 ("COVID-19") in early 2020, the business of tourism related industries plunged drastically. Under the pandemic, with stringent border control measures and strict quarantine conditions in place, people avoided unnecessary travel arrangements. During the Period, the sustained and resurgence of the COVID-19 pandemic continued to exert tremendous pressure and challenges to the Company and its subsidiaries (the "Group"). To retain sufficient working capital to meet the operational needs under the uncertain economic environment, the management adopted various cost cut measures, including negotiating with landlords for rental reductions and early termination of various tenancies, staff salary adjustments and no-pay leaves and restructuring of back office and frontline work force.

Facing the adverse impacts caused by the pandemic, the management kept monitoring and continued to strengthen our business. The Group launched various local one-day package tours with different themes and features that enabled customers to enjoy and appreciate the beauty of Hong Kong. We actively negotiated with various hotels in Hong Kong, including major hotel brands, to obtain exclusive offers of staycation packages. In addition, with the stabilized pandemic situation and increasing vaccinated population in Hong Kong, cruise lines offered "cruise-to-nowhere" itineraries for Hong Kong residents, which received positive response from our customers. We are delighted to see that the pandemic has been largely brought under control in Hong Kong recently. However, in view of the resurgence of the pandemic and coronavirus variants found in other countries, there is still a high degree of uncertainty over the recovery of economies and tourism industry.

Looking forward, although there are great challenges for the Group, we are confident that with our determination and resilience, the Group will ride out the storm. The Hong Kong Government has been working together with the Central Government on the resumption of quarantine-free travel between the Mainland and Hong Kong. We look forward to the implementation of the border reopening which will bring a high level of travelling convenience and benefit to the people of both the Mainland and Hong Kong. We expect the travel industry will have a rapid rebound and strong demand when the pandemic is over.

Facing the uncertainty of the market recovery, the Group will continue to explore new business opportunities. In October 2021, the Group opened a café, namely “Café Another” (“Cafe Another”), in Central, which provides Japanese and western cuisine. With our solid foundation and prudent financial management, coupled with cost control measures and putting continuous resources to enhance the online and offline infrastructure, the Group strives to prepare for the market recovery and to create long term value for our stakeholders.

On behalf of the board of the directors (the “Board”) of the Company, 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, 29 November 2021



## MANAGEMENT DISCUSSION AND ANALYSIS OVERVIEW

For the six months ended 30 September 2021 (the “Period”), the business operations and financial performance of the Group continued to be affected by Coronavirus Disease 2019 (“COVID-19”). For the Period, the Group’s total customer sales proceeds was HK\$24.3 million, representing an increase of 34.3% as compared with HK\$18.1 million for the corresponding period last year. The total revenue was HK\$3.9 million (2020: HK\$2.6 million), representing an increase of 50.0% over the corresponding period last year. The loss attributable to owners of the Company was HK\$7.2 million (2020: HK\$19.4 million). The loss per share attributable to owners of the Company was HK1.4 cents (2020: HK3.8 cents). The Board has resolved not to declare an interim dividend for the Period (2020: Nil).

### BUSINESS REVIEW

The Group’s retail FIT (free independent travellers) business is operated mainly through Travel Expert Limited (專業旅運有限公司) (“Travel Expert”), which is the core focus of the Group. During the Period, the business operation and performance of this business line continued to be adversely affected by the COVID-19 pandemic. Due to stringent travel restrictions and quarantine measures, the sales and revenue of this business line slumped drastically since the outbreak of the pandemic. During the Period, the business environment remained challenging. To preserve working capital to survive the storm, we implemented various cost saving measures, including further streamlining the branch network, negotiating with landlords for rental reductions and early termination of some shops, implementing various measures to reduce staff cost and headcount, such as no-pay leave arrangements and salary reduction.

The Group’s online business is operated through the online trading platform [www.texpert.com](http://www.texpert.com) that focused on selling travel products like theme park tickets, train and bus tickets, boat tickets and etc. During the Period, through this online trading platform, the Group actively promoted staycation packages of Hong Kong hotels to enable customers to enjoy vacations or visiting local attractions amid times of combating pandemic. Furthermore, we successfully obtained exclusive staycation packages from various hotels in Hong Kong, including international renowned hotel brands. With our efforts, the online business recorded an increasing growth.

The Group’s tour operation is mainly operated by Premium Holidays Limited (尊賞假期有限公司) (“Premium Holidays”) with focus on operating high-end long haul tours business. During the Period, this business line continued to face the challenging and uncertain business environment caused by the COVID-19 pandemic. Due to stringent travel restrictions and quarantine measures introduced by governments all over the world, outbound package tours of this business line have halted since mid-March 2020. Therefore, this business line launched various one-day local tours with different themes and features that enabled customers to enjoy local attractions and vacations during the pandemic. It also promoted “cruise-to-nowhere” itineraries offered by cruise lines to allow customers to enjoy hassle-free holidays at sea. This business line strived to improve operational and cost efficiencies by continuously and closely monitoring costs and streamlining work processes.

In addition to the ordinary travel business segment, our investment activities using the Group's surplus funds allocated under the approved investment cap are conducted by Travel Expert Asset Management Limited (專業旅運資產管理有限公司) ("Travel Expert Asset Management"). During the Period, the business recorded a loss on disposal of financial assets/liabilities at fair value through profit or loss of HK\$581,000 (2020: loss of HK\$65,000) and fair value loss on financial assets/liabilities at fair value through profit or loss of HK\$113,000 (2020: gain of HK\$2,000) due to stock market fluctuations. We will continue to closely monitor the market situation and make investment decisions prudently in order to help the Group to better utilize its surplus fund and contributed to its bottom line.

During the Period, the business performance of the frozen food and groceries shop "teSTORE" in Wanchai was unsatisfactory. To better allocate the Group's resources, in October 2021, we closed the shop and commenced the new business of food and beverage by opening a cafe, namely "Café Another", in Central.

## FINANCIAL REVIEW

### Other Income and Gains

Total other income and gains decreased by HK\$17.6 million from HK\$21.0 million for the six months ended 30 September 2020 to HK\$3.4 million for the Period. Such decrease was mainly attributed to the decrease in the government grants from HK\$10.7 million to HK\$1.4 million, the decrease in COVID-19 related rent concession from HK\$3.2 million to HK\$456,000, the decrease in gain on disposal of property, plant and equipment from HK\$3.8 million to HK\$210,000 and the decrease in gain on disposal of investment properties from HK\$2.0 million to nil.

### Selling and Distribution Costs

For the Period, selling and distribution costs amounted to HK\$5.2 million, representing a decrease of 64.1% from HK\$14.5 million for the corresponding period last year.

The global outbreak of COVID-19 has deeply impacted on the Group's business. The decrease of selling and distribution costs was mainly due to significant reduction of frontline staff cost that was contributed by the reduction of frontline headcounts and less sales commission expenses and other staff costs. During the Period, in response to the challenging operating environment due to the outbreak of COVID-19, we further streamlined our branch network in order to reduce costs to preserve working capital. Besides, the Group carried out strict cost control measures and strived to maintain a reasonable selling and distribution costs level. The Group will also adopt other measures to maintain both the competitiveness and cost effectiveness of its branch network in accordance with market conditions. As at 30 September 2021, the Group operated a total of 7 retail shops in Hong Kong under the brand names of Travel Expert and Premium Holidays.



## Administrative Expenses

For the Period, administrative expenses amounted to HK\$8.0 million, representing a significant decrease of 68.0% from HK\$25.0 million for the corresponding period last year, which was mainly due to the decrease in staff costs (including salaries and bonus), impairment losses on assets, depreciation expenses and various other operating expenses. In addition, the Group recorded a loss on disposal of an associate of HK\$3.5 million in the corresponding period last year and no such item was recorded in the Period.

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

## Finance Cost

Finance cost of the Group for the Period was HK\$204,000, which was related to the interest on lease liabilities (2020: HK\$374,000, of which as to HK\$36,000 was related to the interest-bearing bank borrowing and as to HK\$338,000 was related to the interest on lease liabilities).

## Liquidity, Financial Resources and Capital Resources

The Group generally finances its liquidity requirements through internally generated resources and will only finance with available banking facilities whenever necessary. For the Period, the Group had an operating cash outflow of approximately HK\$7.2 million (six months ended 30 September 2020: HK\$33.1 million) and the net assets value as at 30 September 2021 was HK\$71.3 million (as at 31 March 2021: HK\$78.5 million). Including the time deposits over three months, the Group had total cash and cash equivalents of HK\$71.5 million as at 30 September 2021 (as at 31 March 2021: HK\$76.5 million). The Group had a portfolio of financial assets and liabilities at fair value through profit or loss of HK\$7.1 million as at 30 September 2021 (as at 31 March 2021: HK\$4.1 million).

As at 30 September 2021, the Group did not have any outstanding bank borrowing (as at 31 March 2021: Nil).

## Contingent Liabilities

The Group did not have any contingent liabilities as at 30 September 2021.

## Capital Commitments

As at 30 September 2021, the Group had commitment in respect of capital expenditure were contracted but not provided for the acquisition of property, plant and equipment of HK\$1.5 million (as at 31 March 2021: Nil).

## Pledge of Assets

As at 30 September 2021, the Group's financial assets at fair value through profit or loss of HK\$2.5 million and bank deposits of HK\$7.1 million were pledged to a broker and banks respectively to secure derivative financial instruments and banking facilities granted to the Group.

As at 31 March 2021, the Group's bank deposits of HK\$15.2 million were pledged to a broker and banks to secure derivative financial instruments and banking facilities granted to the Group.

## Foreign Exchange Risks and Treasury Policies

The Group has foreign currency exposures that mainly arise from the balance of assets and liabilities in currencies other than in Hong Kong dollar, the Group's functional currency. The Group's policy requires the management to monitor the Group's foreign exchange exposure by closely monitoring the movement of foreign currency rates. The management may purchase foreign currency at spot rate, when and where appropriate for the purpose of meeting the Group's future payment obligation in foreign currency. With the setup of Travel Expert Asset Management together with the extension of investment scope, the Group may use more financial tools such as foreign exchange forward contracts and currency futures etc. to manage the foreign exchange risks. For the Period, the Group recorded exchange gain of approximately HK\$238,000 (2020: exchange loss of approximately HK\$100,000).

## Human Resources and Employee's Remuneration

As at 30 September 2021, the Group had a total workforce of 85 (as at 31 March 2021: 85), of which about 37.6% were frontline staff. Employees' remuneration packages are determined with reference to the market information and individual performance and will be reviewed on a regular basis. Other benefits include contributions to mandatory provident fund and medical insurance coverage. In addition, the Group has adopted a share option scheme (the "Share Option Scheme") on 6 September 2011 to recognize the contributions of our staff and to provide them with incentives to stay with the Group. During the Period, the Group granted share options to certain eligible persons and Directors of the Company. The Share Option Scheme was terminated on 29 September 2021 and the options granted prior to the termination remain valid for exercise. The remuneration policy will be reviewed by the Board from time to time. Emoluments of Directors are determined by the Remuneration Committee after considering the Group's operating results, individual performance and comparing with market conditions.



## OUTLOOK

The Group anticipates that the COVID-19 pandemic will continue to exert tremendous pressure and challenges on the operating environment. Although the pandemic is gradually brought under control in Hong Kong and the vaccination program is in progress albeit at a slow pace, the pace and degree of recovery of the travel industry will depend heavily on whether other countries are able to bring the pandemic under control. If the pandemic cannot be contained in the foreseeable future, the operating environment is expected to further deteriorate.

To navigate in the storm, the top priority of the Group's management is to manage our costs and working capital. To enable us to retain strength for the Group's sustainable development, the Group will continue to carry out a number of cost saving measures, including reducing staff and other operating costs, negotiating with landlords to obtain rental relief and streamlining the branch network. In addition, facing the uncertainty of the market recovery, apart from minimize costs and optimize cost structure, the Group will explore new business opportunities with a view to broaden sources of income.

The management is of the view that the Group has sufficient working capital to support the Group's operation needs. We will continue to use our utmost efforts to maintain the Group's operation by adopting proactive and forward looking measures.

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

During the six months ended 30 September 2021, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

## CORPORATE GOVERNANCE

During the Period, the Company has complied with all the code provisions set out in the Corporate Governance Code (the "CG Code") in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (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 proposal of restaurant business and retirement and election of independent non-executive director of the Company. 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 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 2021, 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 of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code were as follows:

#### (a) Long position in ordinary shares of the Company

Name of Director	Number of shares of HK\$0.01 each in the Company (the "Shares")				Approximate percentage of the issued share capital
	Personal interests	Family interests (Note a)	Corporate interests (Note b)	Total interests	
Mr. Ko Wai Ming, Daniel ("Mr. Ko")	4,240,000	8,370,000	356,715,000	369,325,000	72.44%
Ms. Cheng Hang Fan ("Mrs. Ko")	8,370,000	4,240,000	356,715,000	369,325,000	72.44%

Notes:

- (a) Mr. Ko and Mrs. Ko are spouses. Pursuant to Part XV of the SFO, Mr. Ko is deemed to be interested in the Shares owned by Mrs. Ko and Mrs. Ko is deemed to be interested in the Shares owned by Mr. Ko.
- (b) These Shares 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 share options of the Company

Name of Director	Number of share options held			Approximate percentage of the issued share capital
	Beneficial owner	Family interests (Note b)	Total interests	
Mr. Ko	500,000	500,000	1,000,000	0.196%
Mrs. Ko	500,000	500,000	1,000,000	0.196%

Notes:

- (a) The share options were granted under the share option scheme adopted by the Company on 6 September 2011 (the "Share Option Scheme"), which was expired on 29 September 2021. The options granted prior to the expiration remain valid for exercise.
- (b) Each of Mr. Ko and Mrs. Ko was granted options under the Share Option Scheme to subscribe for 500,000 Shares. Mr. Ko and Mrs. Ko are spouses. Pursuant to Part XV of the SFO, Mr. Ko is deemed to be interested in the share options granted to Mrs. Ko and Mrs. Ko is deemed to be interested in the share options granted to Mr. Ko.

### (c) Long position in shares and underlying shares of associated corporation

Name of Director	Name of associated corporation	Beneficial owner	Family interests (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 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 2021, 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 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.

On 27 September 2021, a total of 31,000,000 share options (the "Share Options") were granted to certain Group's employees (including Directors and their associate) and a consultant of Cafe Another (the "Consultant") to subscribe for a total of 31,000,000 Shares in accordance with the Share Option Scheme. The Share Option Scheme was expired on 29 September 2021. The options granted prior to the expiration remain valid for exercise and no further option under the Share Option Scheme would be granted.

The Share Options are exercisable in accordance with the following vesting schedule:

- (i) 30% of the Share Options shall be exercisable from 27 March 2023 to 26 September 2026 (both dates inclusive);
- (ii) 30% of the Share Options shall be exercisable from 27 March 2024 to 26 September 2026 (both dates inclusive); and
- (iii) 40% of the Share Options shall be exercisable from 27 March 2025 to 26 September 2026 (both dates inclusive).

Details of the Share Options granted under Share Option Scheme during the six months ended 30 September 2021 are as follows:

Grantee	Exercisable period	Number of Share Options				Balance as at 30 September 2021	Exercise price per Share (HK\$)
		Balance as at 1 April 2021	Granted during the Period	Exercised during the Period	Lapsed during the Period		
Mr. Ko	27/03/2023 to 26/09/2026	-	150,000	-	-	150,000	0.194
	27/03/2024 to 26/09/2026	-	150,000	-	-	150,000	0.194
	27/03/2025 to 26/09/2026	-	200,000	-	-	200,000	0.194
		-	500,000	-	-	500,000	

Grantee	Exercisable period	Number of Share Options				Balance as at 30 September 2021	Exercise price per Share (HK\$)
		Balance as at 1 April 2021	Granted during the Period	Exercised during the Period	Lapsed during the Period		
Mrs. Ko	27/03/2023 to 26/09/2026	–	150,000	–	–	150,000	0.194
	27/03/2024 to 26/09/2026	–	150,000	–	–	150,000	0.194
	27/03/2025 to 26/09/2026	–	200,000	–	–	200,000	0.194
		–	500,000	–	–	500,000	
Associate of Directors (Note)	27/03/2023 to 26/09/2026	–	150,000	–	–	150,000	0.194
	27/03/2024 to 26/09/2026	–	150,000	–	–	150,000	0.194
	27/03/2025 to 26/09/2026	–	200,000	–	–	200,000	0.194
		–	500,000	–	–	500,000	
Consultant	27/03/2023 to 26/09/2026	–	600,000	–	–	600,000	0.194
	27/03/2024 to 26/09/2026	–	600,000	–	–	600,000	0.194
	27/03/2025 to 26/09/2026	–	800,000	–	–	800,000	0.194
		–	2,000,000	–	–	2,000,000	
Employees (in aggregate)	27/03/2023 to 26/09/2026	–	8,250,000	–	–	8,250,000	0.194
	27/03/2024 to 26/09/2026	–	8,250,000	–	–	8,250,000	0.194
	27/03/2025 to 26/09/2026	–	11,000,000	–	–	11,000,000	0.194
		–	27,500,000	–	–	27,500,000	
		–	31,000,000	–	–	31,000,000	

Note: Mr. Ko Chun Wang, Kelvin, being a son of Mr. Ko and Mrs. Ko and a director of various subsidiaries of the Company.

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 2021, 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			Approximate percentage of the issued share capital
	Beneficial owner	Family interests	Total number of shares held	
CHHL (Note a)	356,715,000	–	356,715,000	69.96%
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:

- CHHL is owned as to 60% and 40% by Mr. Ko and Mrs. Ko respectively.
- 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 2021, 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

There is no change in the information of the Directors, save as otherwise set out in this report, required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the Company's last published annual report.

## INVESTMENT ACTIVITIES

For the six months ended 30 September 2021, 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 at the meeting on 8 June 2021, the investment cap amount increased from HK\$40 million to HK\$50 million or an amount equivalent to the Group's balance of surplus funds (whichever is lower).

The details of the financial assets or liabilities purchased under the investment cap stated at fair value as at 30 September 2021 were as follows:

<b>Investment by Categories</b>	<b>30 September 2021 HK\$'000</b>	<b>31 March 2021 HK\$'000</b>
Equity securities listed in Hong Kong	<b>7,306</b>	4,152
Hang Seng Index future and option contracts	<b>(174)</b>	(5)
<b>Total Value</b>	<b>7,132</b>	4,147

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2021

		Six months ended 30 September	
	Notes	2021 (unaudited) HK\$'000	2020 (unaudited) HK\$'000
<b>Revenue</b>	5	<b>3,864</b>	2,576
Cost of sales		<u>(491)</u>	<u>(87)</u>
<b>Gross profit</b>		<b>3,373</b>	2,489
Other income and gains	5	<b>3,383</b>	21,034
Changes in fair value of investment properties		–	(2,189)
Selling and distribution costs		<b>(5,237)</b>	(14,485)
Administrative expenses		<b>(7,998)</b>	(24,979)
Share of losses of associates		–	(828)
Loss on disposal of financial assets/liabilities at fair value through profit or loss		<b>(581)</b>	(65)
Fair value (loss)/gain on financial assets/liabilities at fair value through profit or loss		<u>(113)</u>	<u>2</u>
<b>Loss from operations</b>	6	<b>(7,173)</b>	(19,021)
Finance costs	7	<u>(204)</u>	<u>(374)</u>
<b>Loss before income tax</b>		<b>(7,377)</b>	(19,395)
Income tax credit/(expense)	8	<u>213</u>	<u>(30)</u>
<b>Loss for the period</b>		<u><b>(7,164)</b></u>	<u>(19,425)</u>

	Six months ended 30 September	
	2021 (unaudited) HK\$'000	2020 (unaudited) HK\$'000

Notes

### Other comprehensive income

#### Item that may be reclassified subsequently to profit or loss:

Exchange difference on translation of financial statements of overseas subsidiary	6	160
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#### Other comprehensive income for the period, net of tax

6	160
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#### Total comprehensive income for the period

(7,158)	(19,265)
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#### Loss for the period attributable to:

Owners of the Company	(7,163)	(19,423)
Non-controlling interests	(1)	(2)
	(7,164)	(19,425)

#### Total comprehensive income for the period attributable to:

Owners of the Company	(7,157)	(19,263)
Non-controlling interests	(1)	(2)
	(7,158)	(19,265)

#### Loss per share attributable to owners of the Company

– Basic	HK (1.4) cents	HK (3.8) cents
– Diluted	N/A	N/A

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## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2021

		<b>30 September 2021 (unaudited) HK\$'000</b>	31 March 2021 (audited) HK\$'000
	Notes		
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	<b>4,991</b>	226
Deposits		<b>1,934</b>	1,983
Prepayments for acquisition of property, plant and equipment		<b>1,158</b>	–
		<b>8,083</b>	2,209
<b>Current assets</b>			
Inventories		<b>2,337</b>	2,373
Trade receivables	12	<b>462</b>	40
Prepayments, deposits and other receivables		<b>9,051</b>	12,132
Financial assets at fair value through profit or loss	13	<b>7,306</b>	4,165
Prepaid tax		<b>8</b>	–
Pledged deposits		<b>7,085</b>	15,152
Time deposits over three months	14	<b>6,017</b>	25,000
Cash and cash equivalents	14	<b>65,438</b>	51,549
		<b>97,704</b>	110,411

		<b>30 September 2021 (unaudited) HK\$'000</b>	31 March 2021 (audited) HK\$'000
	Notes		
<b>Current liabilities</b>			
Trade payables	15	<b>6,740</b>	5,166
Accrued charges and other payables		<b>11,030</b>	12,249
Contract liabilities		<b>2,930</b>	2,113
Financial liabilities at fair value through profit or loss	13	<b>174</b>	18
Lease liabilities		<b>7,371</b>	8,174
Provision for tax		<b>–</b>	205
		<b>28,245</b>	27,925
<b>Net current assets</b>		<b>69,459</b>	82,486
<b>Total assets less current liabilities</b>		<b>77,542</b>	84,695
<b>Non-current liabilities</b>			
Lease liabilities		<b>6,230</b>	6,238
		<b>6,230</b>	6,238
<b>Net assets</b>		<b>71,312</b>	78,457
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	16	<b>5,099</b>	5,099
Reserves		<b>66,036</b>	73,180
		<b>71,135</b>	78,279
<b>Non-controlling interests</b>		<b>177</b>	178
<b>Total equity</b>		<b>71,312</b>	78,457

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2021

	Attributable to owners of the Company										Non-controlling interests HK\$'000	Total Equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Share option reserve 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	Retained profits HK\$'000	Total HK\$'000		
<b>At 1 April 2020</b>	5,099	55,629	-	37	(9,000)	(583)	34,727	(6,046)	30,988	110,851	180	111,031
Loss for the period	-	-	-	-	-	-	-	-	(19,423)	(19,423)	(2)	(19,425)
Other comprehensive income:												
Exchange alignment	-	-	-	-	-	160	-	-	-	160	-	160
<b>Total comprehensive income for the period</b>	-	-	-	-	-	160	-	-	(19,423)	(19,263)	(2)	(19,265)
<b>At 30 September 2020 (unaudited)</b>	5,099	55,629	-	37	(9,000)	(423)	34,727	(6,046)	11,565	91,588	178	91,766

	Attributable to owners of the Company										Non-controlling interests HK\$'000	Total Equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Share option reserve 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	Retained profits HK\$'000	Total HK\$'000		
<b>At 1 April 2021</b>	5,099	55,629	-	37	(9,000)	(265)	-	(6,046)	32,825	78,279	178	78,457
Loss for the period	-	-	-	-	-	-	-	-	(7,163)	(7,163)	(1)	(7,164)
Other comprehensive income:												
Exchange alignment	-	-	-	-	-	6	-	-	-	6	-	6
<b>Total comprehensive income for the period</b>	-	-	-	-	-	6	-	-	(7,163)	(7,157)	(1)	(7,158)
Recognition of share-based payment	-	-	13	-	-	-	-	-	-	13	-	13
<b>At 30 September 2021 (unaudited)</b>	5,099	55,629	13	37	(9,000)	(259)	-	(6,046)	25,662	71,135	177	71,312

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2021

	Six months ended 30 September	
	2021 (unaudited) HK\$'000	2020 (unaudited) HK\$'000
<b>Cash used in operations</b>	<b>(7,157)</b>	(33,147)
Income tax refund	–	34
<b>Net cash used in operating activities</b>	<b>(7,157)</b>	(33,113)
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(724)	(147)
Proceeds from disposal of property, plant and equipment	210	18,788
Prepayments for acquisition of property, plant and equipment	(1,158)	–
Capital expenditure incurred for investment properties	–	(189)
Proceeds from disposal of investment properties	–	8,900
Receipt from lease receivable	–	537
Proceeds from disposal of an associate	–	4,014
Decrease in pledged deposits	8,067	1,352
Decrease in time deposits with an original maturity of more than three months	18,983	–
Interest received	510	88
<b>Net cash generated from investing activities</b>	<b>25,888</b>	33,343
<b>Cash flows from financing activities</b>		
Settlement of lease liabilities	(4,644)	(9,336)
Repayment of bank borrowing	–	(2,926)
Interest paid	(204)	(374)
<b>Net cash used in financing activities</b>	<b>(4,848)</b>	(12,636)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>13,883</b>	(12,406)
<b>Cash and cash equivalents at beginning of period</b>	<b>51,549</b>	44,124
<b>Effect of foreign exchange rate changes</b>	<b>6</b>	161
<b>Cash and cash equivalents at end of period</b>	<b>65,438</b>	31,879
Less: included in the assets classified as held for sale	–	(6)
	<b>65,438</b>	31,873



# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2021

## 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., LiFung Tower, No. 868 Cheung Sha Wan Road, 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 provision of services relating to sales of air-tickets, hotel accommodation and other travel/wedding related products, sales of package tours, and frozen food and groceries, property investment and investment in treasury activities.

The condensed consolidated interim financial statements for the six months ended 30 September 2021 were approved and authorised for issue by the board of directors (the “Board”) on 29 November 2021.

## 2. BASIS OF PREPARATION

These condensed consolidated interim financial statements for the six months ended 30 September 2021 have been prepared in accordance with 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 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 2021.

In early 2020, the outbreak of the Coronavirus Disease 2019 (“COVID-19”) created unprecedented pressure for travel industry. Precautionary and control measures have since been implemented in various countries, which included border restrictions and quarantine measures over international travel. The situation of the pandemic has still been precarious and the Group recorded a loss of approximately HK\$7,164,000 and net operating cash outflows of approximately HK\$7,157,000 for the six months ended 30 September 2021.

## 2. BASIS OF PREPARATION (Cont'd)

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

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

For the purpose of assessing the appropriateness of the use of the going concern basis, the Directors have reviewed the Group's cash flow projections prepared by the management covering a period of not less than twelve months from 30 September 2021. Based on the different possible outcomes of the evolution of the COVID-19 pandemic and future development of the travel agency industry, management has prepared the projections, including a worst case analysis, that include key assumptions with regard to the anticipated cash flows from the Group's operations and capital expenditures. The Directors, after making due enquiries and considering the basis of management's projections described above, believe that the Group will have sufficient financial resources to operate as a going concern notwithstanding that the assessment of going concern basis of accounting is dependent upon certain assumptions and judgements, such as the timing of uplifting the border restrictions and quarantine measures, and the successful implementation of the aforementioned measures on liquidity. Accordingly, the Directors consider that it is appropriate to prepare the Group's condensed consolidated interim financial statements on a going concern basis.

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

### 3. ACCOUNTING POLICIES

The accounting policies and methods of computation that have been used in the preparation of the condensed consolidated interim financial statements are consistent with those used in the financial statements for the year ended 31 March 2021, 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 2021.

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

### 4. 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 2021 annual financial statements.

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

The Group's principal activities are provision of services relating to sale of air-tickets, hotel accommodation and other travel/wedding related products, sales of package tours, and frozen food and groceries, 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	
	2021	2020
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
<b>Revenue from contracts with customers</b>		
<b>within the scope of HKFRS 15</b>		
Provision of services relating to sales of travel/wedding related products (note (a))	3,287	2,269
Sales of package tours (note (a))	390	–
Sales of frozen food and groceries (note (a))	187	–
	<u>3,864</u>	<u>2,269</u>
<b>Revenue from other source</b>		
Rental income from investment properties	–	307
	<u>3,864</u>	<u>2,576</u>

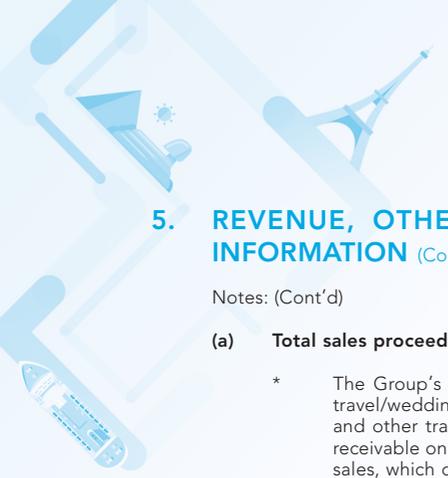
## 5. REVENUE, OTHER INCOME AND GAINS, AND SEGMENT INFORMATION (Cont'd)

	Six months ended 30 September	
	2021 (unaudited) HK\$'000	2020 (unaudited) HK\$'000
<b>Other income and gains</b>		
Interest income on deposits in banks and financial institutions stated at amortised cost	510	88
Sponsorship and joint advertising income	70	635
Financial income on the net investment in a sub-lease agreement	–	11
Exchange gain	238	–
Dividend income from listed securities	6	31
Government grants (note (b))	1,383	10,688
COVID-19 related rent concession (2020: gain on lease modifications)	456	3,237
Gain on disposal of property, plant and equipment	210	3,830
Gain on disposal of investment properties	–	2,000
Sundry income	510	514
	<b>3,383</b>	<b>21,034</b>
<b>Total revenue, other income and gains</b>	<b>7,247</b>	<b>23,610</b>

Notes:

### (a) Total sales proceeds from customers

	Six months ended 30 September	
	2021 (unaudited) HK\$'000	2020 (unaudited) HK\$'000
Gross sales proceeds related to provision of services relating to sales of travel/wedding related products*	23,700	18,057
Sales of package tours	390	–
Sales of frozen food and groceries	187	–
Total sales proceeds from customers	<b>24,277</b>	<b>18,057</b>



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

Notes: (Cont'd)

### (a) Total sales proceeds from customers (Cont'd)

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

### (b) Government grants

Included in profit or loss is Nil (six months ended 30 September 2020: HK\$10,063,000) of government grants obtained from Employment Support Scheme ("ESS") under the Anti-epidemic Fund launched by the Hong Kong SAR Government supporting the payroll of the Group's employees. Under the ESS, the Group had to commit to spend these grants on payroll expenses, and not to reduce employee head count below prescribed levels for a specified period of time. The Group does not have other unfulfilled obligations relating to this program.

In addition, HK\$1,300,000 (six months ended 30 September 2020: HK\$625,000) of government grants relating to one-off subsidy for the purpose of giving immediate financial support and cash incentives for travel agents are included in profit or loss.

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

The following table provides information about trade receivables and contract liabilities from contracts with customers.

	30 September 2021 (Unaudited) HK\$'000	31 March 2021 (audited) HK\$'000
Trade receivables (note 12)	462	40
Contract liabilities	2,930	2,113

The Group has applied the practical expedient to its service contracts and therefore it does not disclose about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts for provision of services relating to sales of travel and wedding related products, sales of package tours and frozen food and groceries that had an original expected duration of one year or less.

### Disaggregation of revenue from contracts with customers

In the following table, revenue is disaggregated by geographical markets, major service lines and timing of revenue recognition.

	Travel and travel/wedding related business Six months ended 30 September		Others Six months ended 30 September		Total Six months ended 30 September	
	2021 (unaudited) HK\$'000	2020 (unaudited) HK\$'000	2021 (unaudited) HK\$'000	2020 (unaudited) HK\$'000	2021 (unaudited) HK\$'000	2020 (unaudited) HK\$'000
<b>Geographical markets</b>						
Hong Kong	3,672	2,212	187	–	3,859	2,212
The People's Republic of China (the "PRC") excluding Hong Kong	5	57	–	–	5	57
	<u>3,677</u>	<u>2,269</u>	<u>187</u>	<u>–</u>	<u>3,864</u>	<u>2,269</u>
<b>Major service lines</b>						
Provision of services relating sales of travel/wedding related products	3,287	2,269	–	–	3,287	2,269
Sales of package tours	390	–	–	–	390	–
Sales of frozen food and groceries	–	–	187	–	187	–
	<u>3,677</u>	<u>2,269</u>	<u>187</u>	<u>–</u>	<u>3,864</u>	<u>2,269</u>
<b>Timing of revenue recognition</b>						
At a point in time	3,287	2,269	187	–	3,474	2,269
Transferred over time	390	–	–	–	390	–
	<u>3,677</u>	<u>2,269</u>	<u>187</u>	<u>–</u>	<u>3,864</u>	<u>2,269</u>

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

### 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 properties		Treasury activities		Others		Total	
	Six months ended 30 September		Six months ended 30 September		Six months ended 30 September		Six months ended 30 September		Six months ended 30 September	
	2021 (unaudited) HK\$'000	2020 (unaudited) HK\$'000	2021 (unaudited) HK\$'000	2020 (unaudited) HK\$'000	2021 (unaudited) HK\$'000	2020 (unaudited) HK\$'000	2021 (unaudited) HK\$'000	2020 (unaudited) HK\$'000	2021 (unaudited) HK\$'000	2020 (unaudited) HK\$'000
Revenue from external customers	3,677	2,269	-	307	-	-	187	-	3,864	2,576
Reportable segment revenue	3,677	2,269	-	307	-	-	187	-	3,864	2,576
Reportable segment (loss)/profit	(5,275)	(13,527)	-	8	(867)	(96)	(558)	-	(6,700)	(13,615)
Interest income	178	88	-	-	313	-	-	-	491	88
Changes in fair value of investment properties	-	-	-	(2,189)	-	-	-	-	-	(2,189)
Gain on disposal of investment properties	-	-	-	2,000	-	-	-	-	-	2,000
Finance costs	(193)	(538)	-	(36)	-	-	(11)	-	(204)	(374)
Dividend income	-	-	-	-	6	31	-	-	6	31
Depreciation on property, plant and equipment	(38)	(3,172)	-	(148)	-	-	(176)	-	(214)	(3,320)
Impairment loss on property, plant and equipment	(34)	(1,856)	-	-	-	-	-	-	(34)	(1,856)
Loss on disposal of financial assets/liabilities at fair value through profit or loss	-	-	-	-	(581)	(65)	-	-	(581)	(65)
Fair value (loss)/gain on financial assets/liabilities through profit or loss	-	-	-	-	(113)	2	-	-	(113)	2

	Travel and travel/ wedding related business		Rental income from investment properties		Treasury activities		Others		Total	
	At 30 September 2021 (unaudited) HK\$'000	At 31 March 2021 (audited) HK\$'000								
	Reportable segment assets	31,231	88,462	-	273	50,626	22,461	6,542	753	88,399
Additions to non-current segment assets during the period/year	663	11,519	-	204	-	-	4,350	236	5,013	11,959
Reportable segment liabilities	29,845	33,705	-	61	189	43	4,385	74	34,419	33,883

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

### 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 2021 (unaudited) HK\$'000	2020 (unaudited) HK\$'000
Reportable segment revenue	3,864	2,576
<b>Group revenue</b>	<b>3,864</b>	2,576
Reportable segment loss	(6,700)	(13,615)
Share of loss of associates	–	(828)
Other corporate expenses	(677)	(4,952)
<b>Loss before income tax</b>	<b>(7,377)</b>	(19,395)

	At 30 September 2021 (unaudited) HK\$'000	At 31 March 2021 (audited) HK\$'000
Reportable segment assets	88,399	111,949
Other corporate assets	17,388	671
<b>Group assets</b>	<b>105,787</b>	112,620
Reportable segment liabilities	34,419	33,883
Other corporate liabilities	56	280
<b>Group liabilities</b>	<b>34,475</b>	34,163

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

### 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		At 30	
	30 September		September	At 31 March
	2021	2020	2021	2021
	(unaudited)	(unaudited)	(unaudited)	(audited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong (domicile)	<b>3,859</b>	2,519	<b>8,079</b>	2,193
The PRC excluding Hong Kong	<b>5</b>	57	<b>4</b>	16
	<b>3,864</b>	2,576	<b>8,083</b>	2,209

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.

## 6. LOSS FROM OPERATIONS

	Six months ended 30 September	
	2021 (unaudited) HK\$'000	2020 (unaudited) HK\$'000
Loss from operations is arrived at after charging/(crediting):		
Depreciation expenses of:		
– owned property, plant and equipment*	95	1,084
– right-of-use assets included within:**		
– office equipment	–	128
– leasehold land and buildings	–	142
– other properties leased for own use	119	1,966
	<b>214</b>	3,320
(Gain)/loss on disposal of:		
– owned property, plant and equipment	(210)	–
– right-of-use assets included within leasehold land and buildings	–	(3,830)
– investment properties	–	(2,000)
– an associate	–	3,527
	<b>(210)</b>	(2,303)
(Reversal of) impairment loss on:		
– owned property, plant and equipment	363	125
– right-of-use assets included within other properties leased for own use	(329)	1,731
– assets classified as held for sale	–	2,984
	<b>34</b>	4,840
Net foreign exchange (gain)/loss	(238)	100
Short-term lease expenses	165	872
Variable lease payments not included in the measurement of lease liabilities	5	20
Staff costs (including Directors' remuneration)		
– salaries and other benefits	6,939	19,528
– retirement scheme contribution	285	886
– share-based payment expenses	13	–
	<b>7,237</b>	20,414

## 6. LOSS FROM OPERATIONS (Cont'd)

- \* Depreciation expenses of owned property, plant and equipment have been included in:
- selling and distribution costs of approximately HK\$55,000 for the six months ended 30 September 2021 (six months ended 30 September 2020: HK\$1,000); and
  - administrative expenses of approximately HK\$40,000 for the six months ended 30 September 2021 (six months ended 30 September 2020: HK\$1,083,000).
- \*\* All depreciation expenses of right-of-use assets have been included in administrative expenses for the periods.

## 7. FINANCE COSTS

	Six months ended 30 September	
	2021 (unaudited) HK\$'000	2020 (unaudited) HK\$'000
Interests on bank borrowing	–	36
Interest on lease liabilities	204	338
	<u>204</u>	<u>374</u>

## 8. INCOME TAX (CREDIT)/EXPENSE

	Six months ended 30 September	
	2021 (unaudited) HK\$'000	2020 (unaudited) HK\$'000
<b>Current tax – Hong Kong</b>		
– Tax for the period	–	82
– Over provision in respect of prior years	(213)	–
	<u>(213)</u>	<u>82</u>
Deferred tax	–	(52)
	<u>(213)</u>	<u>30</u>

## 8. INCOME TAX (CREDIT)/EXPENSE (Cont'd)

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 2020 and 2021 respectively.

Hong Kong profits tax is calculated at 16.5% on the estimated assessable profits for the six months ended 30 September 2020 and 2021, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered profits tax rate regime and is calculated at 8.25% on the first HK\$2 million of estimated assessable profits and at 16.5% for the portion of the estimated assessable profits above HK\$2 million. No Hong Kong profits tax has been provided for the six months ended 30 September 2021 as there is no assessable profit arising in Hong Kong for the period.

A subsidiary 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. 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\$7,163,000 (six months ended 30 September 2020: HK\$19,423,000) and the weighted average number of ordinary shares in issue of 509,859,000 (six months ended 30 September 2020: 509,859,000) during the period.

No diluted loss per share is presented for the six months ended 30 September 2020 as there was no potential dilutive ordinary share outstanding during the period.

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

## 10. INTERIM DIVIDEND

The Directors do not recommend the payment of any interim dividend for the six months ended 30 September 2021 (six months ended 30 September 2020: Nil).

## 11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2021, the Group incurred capital expenditures of approximately HK\$10,000 (six months ended 30 September 2020: HK\$115,000) in leasehold improvements, approximately HK\$64,000 (six months ended 30 September 2020: HK\$32,000) in office equipment, and HK\$650,000 (six months ended 30 September 2020: Nil) in motor vehicle. Items of leasehold land and buildings with a net book value of HK\$14,958,000 were disposed of during the six months ended 30 September 2020.

During the six months ended 30 September 2021, right-of-use assets included within other properties leased for own use amounted to HK\$4,289,000 has been recognised (six months ended 30 September 2020: HK\$1,731,000).

## 11. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

During the six months ended 30 September 2021, losses on travel and travel/wedding related business segment caused the Group to assess the recoverable amount of the property, plant and equipment. Based on the assessment, net impairment loss of approximately HK\$34,000 (six months ended 30 September 2020: HK\$1,856,000) was recognised and charged to the consolidated statement of comprehensive income for six months ended 30 September 2021. The recoverable amounts of these property, plant and equipment represent the higher of their fair value less costs of disposal and their value in use determined by the discounted cash flows generated from these travel and travel related and wedding related business based on a management budget plan and a pre-tax discount rate of 14% (six months ended 30 September 2020: 12% to 22%).

## 12. TRADE RECEIVABLES

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

	<b>30 September 2021 (unaudited) HK\$'000</b>	31 March 2021 (audited) HK\$'000
0 – 30 days	<b>414</b>	29
31 – 90 days	<b>44</b>	–
Over 90 days	<b>4</b>	11
	<b>462</b>	40

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.

### 13. FINANCIAL ASSETS/LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS AND FAIR VALUE MEASUREMENT

	30 September 2021 (unaudited) HK\$'000	31 March 2021 (audited) HK\$'000
<b>Financial assets at fair value through profit or loss:</b>		
Equity securities held for trading, listed in Hong Kong	7,306	4,152
Derivative financial instruments		
– Hang Seng Index future contract	–	13
	<u>7,306</u>	<u>4,165</u>
<b>Financial liabilities at fair value through profit or loss:</b>		
Derivative financial instruments		
– Hang Seng Index future and option contract	174	18

As at 30 September 2021, listed equity securities held for trading of approximately HK\$2,472,000 were pledged to a broker to secure derivative financial instruments of the Group (31 March 2021: Nil).

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

Note: Fair values of these investments have been determined by reference to their quoted bid prices at the reporting date.

The following table presents financial assets and liabilities 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).

### 13. FINANCIAL ASSETS/LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS AND FAIR VALUE MEASUREMENT (Cont'd)

The level in the fair value hierarchy within which the financial assets and liabilities are categorised in their 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 2021			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 equity investments	7,306	–	–	7,306
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#### Financial liabilities at fair value through profit or loss

– Derivatives	174	–	–	174
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	31 March 2021			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 equity investments	4,152	–	–	4,152
– Derivatives	13	–	–	13

	4,165	–	–	4,165
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#### Financial liabilities at fair value through profit or loss

– Derivatives	18	–	–	18
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There were no transfers between levels during the period.

Financial instruments not measured at fair value include trade receivables, deposits and other receivables, pledged deposits, time deposits over three months, cash and cash equivalents, trade and other payables. The carrying amounts of these financial instruments carried at amortised cost are not materially different from their fair values as at 30 September 2021 and 31 March 2021.

## 14. TIME DEPOSITS AND CASH AND CASH EQUIVALENTS

	30 September 2021 (unaudited) HK\$'000	31 March 2021 (audited) HK\$'000
Cash deposits in banks and financial institutions	14,613	21,632
Short-term deposits in banks	<u>56,842</u>	<u>54,917</u>
	71,455	76,549
Time deposits with an original maturity of more than three months	<u>(6,017)</u>	<u>(25,000)</u>
<b>Cash and cash equivalents</b>	<b><u>65,438</u></b>	<b><u>51,549</u></b>

## 15. 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 2021 (unaudited) HK\$'000	31 March 2021 (audited) HK\$'000
0 – 30 days	2,353	558
31 – 90 days	964	338
Over 90 days	<u>3,423</u>	<u>4,270</u>
	<b><u>6,740</u></b>	<b><u>5,166</u></b>

## 16. SHARE CAPITAL

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

## 17. CAPITAL COMMITMENTS

As at 30 September 2021, 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\$1,508,000 (31 March 2021: Nil).

## 18. 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 periods.

### (a) Significant related party transactions

	Six months ended 30 September	
	2021	2020
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Lease payments to a related company	<u>160</u>	<u>70</u>

Notes:

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

In respect of the leases entered into with the related company, right-of-use assets of HK\$4,170,000 (31 March 2021: Nil) and lease liabilities of HK\$4,175,000 (31 March 2021: Nil) were recognised in the consolidated statement of financial position as at 30 September 2021. During the six months ended 30 September 2021, depreciation of right-of-use assets of HK\$119,000 (six months ended 30 September 2020: Nil) and finance costs on lease liabilities of HK\$12,000 (six months ended 30 September 2020: Nil) were recognised in the consolidated statement of comprehensive income.

### (b) Compensation of key management personnel

Total remuneration of the Directors and other members of key management personnel during the periods were as follows:

	Six months ended 30 September	
	2021	2020
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Short-term employee benefits	315	480
Retirement scheme contribution	6	11
Share-based payment expenses	<u>1</u>	<u>-</u>
	<u>322</u>	<u>491</u>