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®
Travel Expert

Pinpoints
YOUR
JOURNEY

CONTENTS

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)*
Mr. Chau Kwok Wing, Kelvin
Ms. Cheng Hang Fan
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

8th Floor, Guangdong Finance Building
88 Connaught Road West
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

STOCK CODE

The Stock Exchange of Hong Kong Limited: 1235

FINANCIAL HIGHLIGHTS

	Notes	2022 HK$'000	2021 HK$'000	Year-on-Year change
Profitability				
Total customer sales proceeds		**48,475**	31,375	+54.5%
Revenue				
– Service income from sales of travel/wedding related products		**6,959**	5,086	+36.8%
– Sales of package tours		**1,271**	821	+54.8%
– Sales of frozen food and groceries		**217**	209	+3.8%
– Rental income from investment property		**–**	307	N/A
– Sales of food and beverage		**1,831**	–	N/A
		10,278	6,423	+60.0%
Loss attributable to owners of the Company		**(17,921)**	(32,890)	
Loss per share — Basic (HK cents)	*1*	**(3.5)**	(6.5)	
Financial ratio				
Return on equity (%)	*2*	**–29.4%**	–42.0%	
Current ratio (time)	*3*	**3.45**	3.95	

Notes:

1. The calculation of the basic loss per share is based on 509,859,000 (2021: 509,859,000) weighted average number of ordinary shares in issue during the year.

2. Return on equity is calculated based on the loss for the year attributable to owners of the Company divided by the equity attributable to owners of the Company at the end of the year 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 year.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of Directors (the "Board") of Travel Expert (Asia) Enterprises Limited (the "Company"), I would like to present to shareholders the financial results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2022.

During the year, the unprecedented Coronavirus Disease 2019 ("COVID-19") pandemic has continued to cause a severe blow to travel industry and the Group's operating environment remained extremely difficult. To contain the COVID-19 pandemic, various governments continued to enforce preventive measures and the Hong Kong government imposed stringent border controls and quarantine measures. Such containment measures on the pandemic dampened travel sentiment and adversely impacted on the Group's operational and financial performance.

In response to the unprecedented challenges, to conserve working capital so as to navigate through adversity, the Group implemented stringent cost control measures, such as downsizing the branch network, reducing staff costs and negotiating with landlords for rental reduction and early termination of various tenancies. The Group continued to provide professional trip advice and planning to customers and thus, we are delighted that the number of the bookings for air tickets and hotels increased. We also introduced different travel products to align with the market needs, such as staycation packages, local one-day tours and reservation for quarantine hotels and etc. Furthermore, the Group continued to actively enhance the online trading platform so as to reduce the cost for operating branches. These initiatives will enable the Group to become more resilient and achieve sustainable business growth after the pandemic.

Looking forward, despite the challenging and uncertain business and operating environment we are facing, the Group will continue to enhance our products and services as well as online trading platform so as to strengthen our market position. The Group will flexibly adjust its strategies for business development and branch network. We will actively seek business opportunities for achieving profitability growth.

The Board believes that the pandemic will eventually subside. However, the road to recovery of global travel will undeniably be long and will vary from market to market. With the increasing vaccination rates and the pandemic situation becoming to stabilize, we expect that mainland China and Hong Kong will take positive steps to restart cross border travel. As such, the Group will explore the market of domestic tourism in mainland China so as to capture business opportunities for local excursions and domestic journeys between cities and provinces.

With the tremendous efforts devoted by the experienced management and all the staff, we believe that the Group is well positioned to turn challenges into opportunities and will strengthen our competitiveness to overcome the challenges ahead.

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, 28 June 2022

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

For the year ended 31 March 2022, the business operations and financial performance of the Group continued to be adversely affected by the Coronavirus Disease 2019 ("COVID-19") pandemic and it variants. During the year, the Group recorded a loss attributable to owners of the Company of HK$17.9 million, as compared with the loss attributable to owners of the Company of HK$32.9 million for the previous year. The Group's total customer sales proceeds was HK$48.5 million, representing an increase of 54.5% as compared with HK$31.4 million for the previous year. The total revenue was HK$10.3 million, representing an increase of 60.9% as compared with HK$6.4 million for the previous year.

Overall, the Group's loss for the year was HK$17.9 million, compared with the loss of HK$32.9 million for the previous year. Loss per share attributable to owners of the Company for the year was HK3.5 cents (2021: HK6.5 cents). The Board has resolved not to recommend the payment of a final dividend for the year ended 31 March 2022 (2021: Nil).

BUSINESS REVIEW

The Group's retail FIT (free independent travellers) business is operated mainly through Travel Expert Limited (專業旅運有限公司) ("Travel Expert"), which is the core focus of the Group. During the year, The Hong Kong Government continued to enforce stringent border controls and quarantine measures to contain the COVID-19 pandemic, which dampened leisure travel sentiment. The business operation and performance of this business line continued to be adversely affected. In response to the unprecedented impact of the pandemic, the Group continued to implement stringent cost control measures, including streamlining the branch network, reducing staff costs, negotiating with landlords for rental reduction and early termination of various tenancies. As staycation became increasingly popular, we provided a wide variety of choices of local hotel packages to cater for customers' different preferences. Furthermore, the popularity of domestic tourism has ramped up so that we offered local one day tours with different themes and features. The management kept monitoring the market conditions and adopted flexible measures to align with the market needs.

The Group's online business is operated through the online trading platform www.texpert.com that focused on selling travel products like theme park tickets, train and bus tickets, boat tickets and etc. During the year, we spent extra resources to enhance this online trading platform. Through this sales channel, the Group actively promoted staycation packages of local hotels to enable customers to enjoy vacations or visiting local attractions amid times of combating the pandemic. Furthermore, we continued to obtain 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 year, this business line continued to be deeply impacted by the COVID-19 pandemic. To preserve working capital, the management implemented various cost control measures, including restructuring the workforce, enhancing staff cost saving measures and seeking rent concessions from landlords. Many countries have been loosening measures of restriction as they started resuming business and social activities, yet, strict travel restrictions and quarantine measures in Hong Kong were still in force. As the outbound package tours of this business line have halted since mid-March 2020, it strived to keep the business afloat by offering a wide range of services and activities of local one-day tours with different attractions to enable customers to enjoy domestic leisure experiences. The management will continuously monitor the travel restrictions and traveller quarantine arrangements. We are of the view that a recovery of this business line will only be possible when Hong Kong resume quarantine-free travel with foreign countries.

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 year, the business recorded a fair value loss on financial assets/liabilities at fair value through profit or loss of HK$1.3 million (2021: gain of HK$642,000) 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 year, 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 a new business of food and beverage by opening a cafe, namely "Café Another", in Central. The establishment of this business enabled the Group to diversify its business and expand the income source.

FINANCIAL REVIEW

Other Income and Gains

Total other income and gains decreased significantly by HK$26.5 million from HK$34.4 million for the previous year to HK$7.9 million for the year. Such decrease was primarily due to the decrease in government grants from HK$19.7 million to HK$4.1 million, the decrease in gain on lease modifications from HK$4.8 million to HK$170,000, the decrease in gain on disposal of property, plant and equipment from HK$3.8 million to HK$154,000. In addition, a gain of disposal of investment properties of HK$2.0 million was recorded in the previous year, while no such item was recorded in the year.

Selling and Distribution Costs

For the year ended 31 March 2022, selling and distribution costs amounted to HK$9.0 million, representing a decrease of 60.7% from HK$22.9 million for the previous 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 year, in response to the challenging operating environment caused by COVID-19, we further streamlined the 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 31 March 2022, the Group operated a total of 5 retail shops in Hong Kong under the brand names of Travel Expert and Premium Holidays and a café under the brand name of Café Another.

Administrative Expenses

For the year ended 31 March 2022, administrative expenses amounted to HK$20.9 million, representing a significant decrease of 55.8% from HK$47.3 million for the 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.

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 year was HK$394,000, which was related to the interest on lease liabilities (2021: HK$671,000, of which as to HK$39,000 was related to the interest-bearing bank borrowing and as to HK$632,000 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 year ended 31 March 2022, the Group had an operating cash outflow of approximately HK$7.6 million (2021: HK$40.4 million) and the net assets value was HK$61.2 million (2021: HK$78.5 million). Including the time deposits over three months, the Group had total cash and cash equivalents of HK$68.6 million as at 31 March 2022 (as at 31 March 2021: HK$76.5 million). As at 31 March 2022, the Group had a portfolio of financial assets and liabilities at fair value through profit or loss of HK$2.2 million (as at 31 March 2021: HK$4.1 million).

As at 31 March 2022, 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 31 March 2022.

Capital Commitments

As at 31 March 2022, the Group had commitments in respect of capital expenditure were contracted but not provided for the acquisition of property, plant and equipment of HK$172,000 (as at 31 March 2021: Nil).

Pledge of Assets

As at 31 March 2022, the Group's bank deposits of HK$5.0 million were pledged to a broker and banks to secure derivative financial instruments and banking facilities granted to the Group (as at 31 March 2021: HK$15.2 million).

Foreign Exchange Risks and Treasury Policies

The Group has foreign currency exposures that mainly arise from the balance of assets and liabilities in currencies other than in Hong Kong dollar, the Group's functional currency. The Group's policy requires the management to monitor the Group's foreign exchange exposure by closely monitoring the movement of foreign currency rates. The management may purchase foreign currency at spot rate, when and where appropriate for the purpose of meeting the Group's future payment obligation in foreign currency. With the setup of Travel Expert Asset Management together with the extension of investment scope, the Group may use more financial tools such as foreign exchange forward contracts and currency futures etc. to manage the foreign exchange risks. For the year ended 31 March 2022, the Group recorded exchange gain of approximately HK$1.1 million (2021: exchange loss of approximately HK$118,000).

Human Resources and Employee's Remuneration

As at 31 March 2022, the Group had a total workforce of 92 (as at 31 March 2021: 85), of which about 44.6% 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 year, 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

Tourism is one of the sectors hardest hit by the COVID-19 pandemic and the recovery is highly uncertain. Although governments around the world implemented large scale vaccination campaigns, which play a pivotal role in boosting customers' confident about travelling overseas, the travel industry remain extremely challenging.

The Group will continue to monitor closely the market development and take flexible measures and strategies to tackle challenges. We will actively seek for business opportunities to enhance the Group's earning capability. The Group will adhere to our prudent cost control measures so as to optimize overall cost structure. To navigate in the storm, the top priority of the Group's management is to manage our costs and working capital and to retain strength for the Group's sustainable development.

The management is of the view that the Group has sufficient working capital to support the Group's operation needs. We are well positioned in the market on providing quality services and products and will continue to strength our competitiveness. We believe with the tremendous efforts by all our staff, the Group is well positioned to overcome the challenges ahead and regain the leading market position so as to create long-term value for shareholders.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Ko Wai Ming, Daniel, aged 62, became the Chairman and an Executive Director of the Company on 6 September 2011 and 30 September 2010 respectively. Mr. Ko has over 20 years of experience in the travel industry. He is primarily responsible for the strategic business direction and major decision making of the Group. Mr. Ko joined the Group in January 2001. Mr. Ko began his career in 1980 with Midland Holdings Limited group of companies where he worked for 10 years and held various senior management positions, with his last position being managing director. Mr. Ko holds a degree of Master of Business Administration from University of Birmingham, U.K. Mr. Ko is the spouse of Ms. Cheng Hang Fan, the Chief Executive Officer and an Executive Director of the Company.

Ms. Cheng Hang Fan, aged 63, is one of the co-founders of the Group and became the Chief Executive Officer and an Executive Director of the Company on 6 September 2011 and 30 September 2010 respectively. Ms. Cheng has over 36 years of experience in the travel industry. She is primarily responsible for the Group's overall management and operation, business development and strategic planning. Ms. Cheng is the spouse of Mr. Ko Wai Ming, Daniel, the Chairman and an Executive Director of the Company.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chau Kwok Wing, Kelvin, aged 60, was appointed as an Independent Non-executive Director of the Company on 18 August 2021. He was a senior adviser to Rothschild & Co Hong Kong Limited, a global financial advisory firm, from 2020 to 2021 and the chairman of its Hong Kong operations from 2018 to 2020. Mr. Chau joined N. M. Rothschild & Sons (Hong Kong) Limited in 1987 and has been a banker with the group throughout his career. He has extensive experience in corporate mergers and acquisitions, capital markets and wealth management. Mr. Chau graduated from University of Buckingham, United Kingdom, with a Bachelor of Laws degree and is a fellow of The Hong Kong Institute of Directors. Mr. Chau is also an independent non-executive director of Allied Group Limited (stock code: 373) since June 2020, the securities of which are listed on The Stock Exchange of Hong Kong Limited.

Mr. Mak King Sau, aged 48, was appointed as an Independent Non-executive Director of the Company on 29 June 2011. Mr. Mak is a member of the American Institute of Certified Public Accountants. He graduated from Boston University with a Bachelor of Science in Business Administration and was awarded a Master of Science in Financial Management from University of London. Mr. Mak served various senior management positions in investment institutions. He has more than 20 years of experience in corporate finance and private equity fund investment. From 2010 to 2012, he worked for Sino-Life (Hong Kong) Limited (a wholly-owned subsidiary of Sino-Life Group Limited (stock code: 8296)) as general manager. From 2007 to 2018, Mr. Mak was an independent non-executive director of Xinjiang Tianye Water Saving Irrigation System Company Limited (stock code: 840), a company listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Mr. Mak has been the vice president of Titan Financial Services Limited, which is licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance since January 2020. On 1 December 2021, he was appointed as an independent non-executive director of Justin Allen Holdings Limited (stock code: 1425), the securities of which are listed on the Stock Exchange.

Mr. Yung Ha Kuk, Victor, aged 68, was appointed as an Independent Non-executive Director of the Company on 20 April 2011. Mr. Yung holds a Master of Science in Corporate Governance and Directorship awarded by Hong Kong Baptist University. He is a fellow of the Association of Chartered Certified Accountants and Hong Kong Institute of Certified Public Accountants. Mr. Yung is a professional accountant with over 42 years of working experience in the financial and accounting fields. He served in management positions in various multinational companies in Asia. Mr. Yung is also an independent non-executive director of Lippo Limited (stock code: 226), Lippo China Resources Limited (stock code: 156) and Hongkong Chinese Limited (stock code: 655), the securities of which are listed on The Stock Exchange of Hong Kong Limited.

SENIOR MANAGEMENT

Mr. Ko Chun Wang, Kelvin, aged 31, joined the Group in 2015. Mr. Ko is currently the managing director of a Group's subsidiary and director of various subsidiaries. He graduated from the University of Bath, United Kingdom, with a Bachelor's (Honors) Degree in Mathematical Science. He oversees the sales and marketing functions and online business development of the Group. Mr. Ko is a son of Mr. Ko Wai Ming, Daniel and Ms. Cheng Hang Fan.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The board of directors (the "Directors") of the Company (the "Board") is committed to maintaining and ensuring high standards of corporate governance in order to achieve effective accountability and safeguard the interests of shareholders of the Company. During the year ended 31 March 2022, the Company has complied with all the applicable code provisions as set out in the Corporate Governance Code (the "CG Code") in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited, 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 year, regular meetings were held in line with the meeting schedule as planned in the preceding year. Three 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, retirement and election of independent non-executive of the Company and discussions of business opportunities. 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.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the "Model Code") as the code of conduct regarding securities transactions by the Directors of the Company. Having made specific enquiries to all Directors, all of them confirmed that they had complied with the required standards as set out in the Model Code during the year.

BOARD OF DIRECTORS

The Board is responsible for the leadership and monitoring of the Group's businesses, strategic decisions and overall performance. The day-to-day management responsibility is delegated to the Executive Directors. During the year ended 31 March 2022, Mr. Szeto Chi Man, an Independent Non-executive Director ("INED"), retired and Mr. Chau Kwok Wing, Kelvin was appointed as an INED at the annual general meeting of the Company held on 18 August 2021. The Board consists of five members, including two Executive Directors and three INEDs. Each Executive Director is suitably qualified for his/her position, and has sufficient experience to hold the position so as to carry out his/her duties effectively and efficiently. One of the INEDs has the professional qualifications or accounting or related financial management expertise required by the Listing Rules. Throughout the year, the Company has three INEDs representing not less than one-third of the Board pursuant to Rules 3.10 and 3.10A of the Listing Rules.

The composition of the Board during the year is as follows:

Executive Directors	Mr. Ko Wai Ming, Daniel *(Chairman)* Ms. Cheng Hang Fan *(Chief Executive Officer)*
Independent Non-executive Directors	Mr. Chau Kwok Wing, Kelvin (appointed on 18 August 2021) Mr. Mak King Sau Mr. Szeto Chi Man (retired on 18 August 2021) Mr. Yung Ha Kuk, Victor

Two of our INEDs, Mr. Mak King Sau and Mr. Yung Ha Kuk, Victor, have served as our Board members for more than nine years. Despite the length of service, they provide invaluable expertise, experience, continuity and stability to the Board. We are confident the Company has benefited greatly from their contribution and valuable insights derived from their in-depth knowledge of the Company. The Board and the Nomination Committee consider the individual directors' character and judgement as demonstrated by their commitment and contribution to the Board during their years of service and other relevant factors.

The Company has received from each of the INEDs an annual confirmation of their independence from the Group. The Board is of the view that each of our INEDs meets the independence guidelines set out in Rule 3.13 of the Listing Rules and that they are able to continue to fulfill their roles as requires.

The Board members have no financial, business, family or other material/relevant relationship with each other except those disclosed in the director biographical details. Given the business nature and scope of the Company, the Board has appropriate skill and experience for the requirements of the business of the Company.

The Board schedules at least four regular meetings a year on quarterly basis and also meets as and when required. During the year ended 31 March 2022, the Board held four regular meetings which were in line with the meeting schedule. At least 14 days' notice of a regular Board meeting is given to all Directors pursuant to code provision A.1.3 of the CG Code to ensure them to have an opportunity to attend the meeting and include discussion items in the agenda. The Company Secretary assists the Chairman in establishing the meeting agenda and consolidates the requests from each Director for discussion in the agenda. The agenda and the appropriate information related to the matters for discussion are circulated normally three days in advance of Board meetings to the Directors. All Directors have given sufficient time and attention to the affairs of the Group.

The Board and committee minutes are recorded in appropriate detail and draft minutes are circulated to all Directors and committee members for comments before being approved by the Board and committees and signed by the respective Chairman. All minutes are kept by the Company Secretary and are open for inspection by the Directors. In addition, the Company provides all Board members including INEDs with monthly update pursuant to code provision C.1.2 of the CG Code.

All the Directors including INEDs have been appointed for specific terms. According to the Article 84 of the Articles of Association of the Company (the "Articles"), one-third of the Directors for the time being (or, if their number is not multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall subject to retirement at an annual general meeting of the Company at least once every three years. All retiring Directors shall be eligible for re-election.

Article 83(3) of the Articles provides that (i) any director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of the shareholders after his appointment and be subject to re-election at such meeting, and (ii) any director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Code provision A.2.1 of the CG Code requires the roles of the chairman and chief executive should be separate and should not be performed by the same individual. The Chairman of the Company is Mr. Ko Wai Ming, Daniel and the functions of Chief Executive Officer are performed by his spouse, Ms. Cheng Hang Fan. The roles of the Chairman and the Chief Executive Officer are segregated and assumed by two separate individuals. The Chairman of the Board is responsible for the leadership and effective running of the Board, while the Chief Executive Officer is delegated with the authorities to manage the daily business of the Group in all aspects effectively.

Despite of the close relationship between the Chairman and the Chief Executive Officer, the Board believes that this arrangement is able to deliver strong and consistent leadership, facilitating the Group to make decisions promptly and efficiently. The Board also considers that this arrangement will not impair the balance of power and authority because the balance of power and authority is ensured by the effective operation of the Board, which comprises experienced and high caliber individuals who will meet regularly to discuss issues affecting operation of the Group. The Board has full confidence that their appointment to the positions of the Chairman and the Chief Executive Officer is beneficial to the business prospects of the Group.

DIRECTORS' CONTINUOUS PROFESSIONAL DEVELOPMENT

Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The Company continuously updates the Directors on the Group's business and the latest developments regarding the Listing Rules and other applicable regulatory requirements, to ensure compliance and enhance their awareness of good corporate governance practices.

During the year, the Directors have participated in the following trainings:

Name of Directors	Type of trainings		
	A	B	C
Executive Directors:			
Mr. Ko Wai Ming, Daniel *(Chairman)*	–	✓	✓
Ms. Cheng Hang Fan *(Chief Executive Officer)*	–	✓	✓
Independent Non-executive Directors:			
Mr. Chau Kwok Wing, Kelvin (appointed on 18 August 2021)	✓	✓	✓
Mr. Mak King Sau	✓	✓	✓
Mr. Szeto Chi Man (retired on 18 August 2021)	✓	✓	✓
Mr. Yung Ha Kuk, Victor	✓	✓	✓

A: Seminars/conferences relevant to directors' duties and responsibilities
B: Reading materials given by the Company relating to the Company's business and regular updates on Listing Rules and other applicable regulatory requirements relevant to directors' duties and responsibilities
C: Reading newspapers, journals, books and updates relating to the economy, environment and social issues or the directors' duties and responsibilities

BOARD COMMITTEES

The Company has established three committees, i.e. Nomination Committee, Remuneration Committee and Audit Committee, to support the Board's functions. Each of the committees has its specific written terms of reference and currently all the committees are headed by INEDs. The committees are required to make recommendations and report to the Board about their decisions on specific areas. The procedures and arrangements for a Board meeting, as mentioned in the section headed "Board of Directors" of this report, have been adopted for the committee meetings so far as practicable. Copies of minutes of all meetings and resolutions of the committees, which are kept by the Company Secretary, are circulated to all Board members for information.

The attendance records of Directors at the Board meetings and the attendance records of Committee Members at the meetings of Nomination Committee, Remuneration Committee and Audit Committee during the year are set out below:

Name of Directors	Number of meetings attended/held			
	Board	Nomination Committee	Remuneration Committee	Audit Committee
Executive Directors:				
Mr. Ko Wai Ming, Daniel *(Chairman)*	7/7	3/3	–	–
Ms. Cheng Hang Fan *(Chief Executive Officer)*	7/7	–	2/2	–
Independent Non-executive Directors:				
Mr. Chau Kwok Wing, Kelvin (appointed on 18 August 2021)	4/7	1/3	1/2	1/2
Mr. Mak King Sau	7/7	3/3	2/2	2/2
Mr. Szeto Chi Man (retired on 18 August 2021)	3/7	2/3	1/2	1/2
Mr. Yung Ha Kuk, Victor	7/7	3/3	2/2	2/2

NOMINATION COMMITTEE

The Nomination Committee was established on 20 April 2011 with written terms of reference in line with the provisions of the CG Code. At the annual general meeting of 18 August 2021, Mr. Szeto Chi Man retired from his office as an INED and ceased to be, among others, the Chairman of the Committee and Mr. Chau Kwok Wing, Kelvin was appointed as an INED and, among others, the Chairman of the Committee. This Committee currently consists of four members, including Mr. Chau Kwok Wing, Kelvin (Chairman of the Committee), Mr. Mak King Sau, Mr. Yung Ha Kuk, Victor, all being INEDs, and Mr. Ko Wai Ming, Daniel, being an Executive Director and the Chairman of the Board.

The primary duties of the Nomination Committee are to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy; identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships; assess the independence of INEDs; and make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors in particular the Chairman and the Chief Executive.

The Company has adopted a nomination policy (the "Nomination Policy") in 2019. The policy sets out selection criteria and nomination procedures that enable the Company to achieve board diversity in order to enhance the effectiveness of the Board and its corporate governance standard.

The Company has a board diversity policy (the "Board Diversity Policy") since 2013. The policy sets out the approach to achieve diversity in the Board. The Company recognizes and embraces the benefits of having a diverse Board to enhance the quality of its performance. All Board appointments will be made on merit basis and candidates will be considered against objective criteria. Selection of candidates will be based on the Company's Nomination Policy and the Company will take into account the Board Diversity Policy during the selection process. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board, having due regard to the benefits of diversity on the Board and also needs of the Board without focusing on a single diversity aspect. In designing the Board's composition, the Board diversity has been considered from a wide range of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional, experience, skills, knowledge and length of service and any other factors that the Board may consider relevant and applicable from time to time. The Company will also take into account factors based on its own business model and specific needs from time to time.

The Nomination Committee will monitor the implementation of the Nomination Policy and the Board Diversity Policy and review these policies, as appropriate, to ensure their effectiveness.

During the year, the Nomination Committee performed the works as summarized below:

(1) reviewed the structure, size and composition of the Board and considered that the composition of the Board was appropriate to the Company and no further change to the Board was proposed;

(2) noted the retirement of Mr. Szeto Chi Man as an INED and cessation as the chairman of the Nomination Committee and a member of each of Audit Committee and Remuneration Committee and considered and recommended the appointment of Mr. Chau Kwok Wing, Kelvin as an INED and the chairman of the Nomination Committee and a member of each of Audit Committee and Remuneration Committee; and

(3) reviewed and recommended the retirement and re-election of Directors for the 2022 annual general meeting.

REMUNERATION COMMITTEE

The Remuneration Committee was established on 20 April 2011 with written terms of reference in line with the provisions of the CG Code. At the annual general meeting of 18 August 2021, Mr. Szeto Chi Man retired from his office as an INED and ceased to be, among others, a member of the Committee and Mr. Chau Kwok Wing, Kelvin was appointed as an INED and, among others, a member of the Committee. This Committee currently consists of four members, including Mr. Mak King Sau (Chairman of the Committee), Mr. Chau Kwok Wing, Kelvin, Mr. Yung Ha Kuk, Victor, all being INEDs, and Ms. Cheng Hang Fan, being an Executive Director and the Chief Executive Officer of the Company.

The primary duties of the Remuneration Committee are to make recommendations to the Board on the Company's policy and structure for Directors and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy; to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives; to make recommendations to the Board on the remuneration packages of individual Executive Directors, Non-executive Directors and senior management; to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Company and its subsidiaries; to review and approve compensation payable to Executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive; to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate; to ensure that no Director or any of his associates is involved in deciding his own remuneration; and to form a view in respect of service contracts that require shareholders' approval and advise shareholders (other than shareholders who are Directors with a material interest in the service contracts and their associates) as to whether the terms are fair and reasonable, and to advise whether such contracts are in the interests of the Company and its shareholders as a whole, and advise shareholders on how to vote.

During the year, the Remuneration Committee performed the works as summarized below:

(1) considered and recommended the remuneration of Mr. Chau Kwok Wing, Kelvin relating to his appointment as an INED for the Board's approval; and

(2) reviewed and recommended the remuneration proposal for Directors for the financial year of 2022–2023 for the Board's approval.

AUDIT COMMITTEE

The Audit Committee was established on 20 April 2011 with written terms of reference in line with the provisions of the CG Code. At the annual general meeting of 18 August 2021, Mr. Szeto Chi Man retired from his office as an INED and ceased to be, among others, a member of the Committee and Mr. Chau Kwok Wing, Kelvin was appointed as an INED and, among others, a member of the Committee. This Committee currently consists of three members, including Mr. Yung Ha Kuk, Victor (Chairman of the Committee), Mr. Chau Kwok Wing, Kelvin and Mr. Mak King Sau, all being INEDs. The Chairman of the Audit Committee, Mr. Yung Ha Kuk, Victor possesses appropriate professional qualifications in finance and accounting and meets the requirements of Rule 3.21 of the Listing Rules.

The Audit Committee acts as the key representative body for overseeing the Company's relations with the external auditor. The primary duties are to make recommendations to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal; to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards; to develop and implement policy on engaging an external auditor to supply non-audit services; to monitor integrity of the Company's financial statements and annual report and accounts, half-year report, and to review significant financial reporting judgments contained in them; to review the Company's financial controls, risk management and internal control systems; to consider major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and management's response to these findings; to review the group's financial and accounting policies and practices; to review the external auditor's management letter, any material queries raised by the auditor to management about accounting records, financial accounts or systems of control and management's response; to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter; and to review arrangements by which employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters. The Audit Committee should ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action.

During the year, the Audit Committee performed the works as summarized below:

(1) reviewed and recommended the unaudited interim results and the audited consolidated annual results of the Group for the Board's approval;

(2) reviewed the Report on Internal Control Review as prepared by an independent internal control consultant; and

(3) reviewed the Group's Risk Register and Risk Management Report.

DIRECTORS' REMUNERATION

The Directors' remuneration and all other emoluments paid or payable to the Directors during the year are set out on an individual and named basis in note 11 to the consolidated financial statements of this annual report on page 76.

AUDITOR'S REMUNERATION

The fee charged by the Company's external auditor in respect of the audit and non-audit services to the Group during the year is summarized as below:

Services Type	HK$'000
Audit services – Annual audit	500
Non-audit services	77
Total	**577**

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the corporate governance duties as set out below:

(a) to develop and review the Company's policies and practices on corporate governance;

(b) to review and monitor the training and continuous professional development of Directors and senior management;

(c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and

(e) to review the Company's compliance with the code and disclosure in the Corporate Governance Report.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE AND INDEMNITY

To indemnify Directors and officers of the Company against all costs, charges, losses, expenses and liabilities incurred by them in the execution of and discharge of their duties or in relation thereto, the Company has arranged insurance cover for this purpose.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board has overall responsibility for maintaining a sound and effective risk management and internal control system of the Group to safeguard shareholders' investment and the Company's assets. During the year, the Company appointed an independent internal control consultant to perform a review of governance control over key provisions set out in the CG Code that applicable to the Company for the year ended 31 March 2022. The report on internal control review listed out the findings in regard to the relevant policies and procedures with recommendations proposed for the Company to further improve its corporate governance.

The Company has adopted a Risk Management Policy (the "RM Policy") since 2016 to define a management framework with appropriate procedures to identify, assess and mitigate risks where possible and to continually monitor risks as other risks or threats emerge. The ultimate objective of the RM Policy is to ensure that the risk and uncertainty of the Group is properly managed on the group level. Further details of the Group's risk management are included under the section headed "Risk Management Report" in this annual report.

The Company has adopted an inside information policy in June 2013 which sets out the guidelines to the employees to ensure inside information of the Group would be handled and disseminated properly in accordance with applicable laws and regulations.

The Company has a formal whistle-blowing policy to encourage staff to raise serious concerns, in confidence, to the Audit Committee about possible improprieties in any matter about the Group. During the year under review, the Audit Committee did not receive any complaints or concerns raised by the staff.

ACCOUNTABILITY AND AUDIT

The Board is responsible for the preparation of the financial statements of the Group according to the statutory requirements and the applicable accounting standards which give true and fair view of the state of affairs, the results of operations and cashflows of the Group. The Board confirms that, to the best of their knowledge, the financial statements for the reporting year have been prepared on a going concern basis and they have no doubt about the Company's ability to continue as a going concern.

The responsibilities of the external auditor of the Company on the financial statements are set out in the section headed "Independent Auditor's Report" in this annual report.

COMPANY SECRETARY

The Company Secretary is a full time employee of the Company. During the year under review, the Company Secretary has taken not less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

DIVIDEND POLICY

In 2019, the Company has adopted a dividend policy (the "Dividend Policy") which allows the shareholders of the Company to share the profits of the Company whilst retaining adequate reserves for the future growth of the Group. The Company considers stable and sustainable returns to the shareholders to be the goal. The Dividend Policy is to enhance transparency of the Company and facilitating the shareholders and investors to make informed investment decisions relating to the Group. In deciding whether to propose a dividend and in determining the dividend amount, the Board shall take into account, among other things, the following factors:

(a) the Group's actual and expected financial performance;

(b) the Group's expected working capital requirements, capital expenditure requirements and future development plans;

(c) the Group's retained earnings and distributable reserves;

(d) general business conditions and strategies;

(e) taxation considerations;

(f) the Group's liquidity position;

(g) the debt ratio and possible effects on the credit lines;

(h) the general economic conditions and other internal or external factors that may have an impact on the business or financial performance and position of the Group; and

(i) any other factors that the Board deems relevant.

The payment of the dividend by the Company is also subject to any restrictions under the Companies Law of the Cayman Islands and any other applicable laws, rules and regulations and the articles of association of the Company. There can be no assurance that dividends will be proposed or declared in any particular amount for any specific periods.

COMMUNICATION WITH SHAREHOLDERS

The Company's shareholders communication policy is to ensure proper communication with the Company's shareholders, both individual and institutional in order to enable them to have timely access to the relevant information about the Company including its financial performance, major business developments, governance and risk profile.

Annual general meeting ("AGM") of the Company is a valuable avenue for the Board to have dialogue directly with shareholders. All the Directors of the Company attended the 2021 AGM and the Chairman of the Board as well as the Chairman of each of the Board Committees made themselves available to answer questions at the 2021 AGM. External auditor was invited and attended the AGM to address shareholders' enquiries.

Under the Listing Rules, all votes of the shareholders at general meetings will be taken by poll.

Shareholders can send in their enquiries in writing to Company Secretary at the Company's principal place of business in Hong Kong. The Board will seriously consider shareholders' enquiries and address them accordingly. During the year, no shareholders' enquiry was received.

SHAREHOLDERS' RIGHTS

Convening an extraordinary general meeting by shareholders

Pursuant to Article 58 of the Company's Articles, any one or more shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Procedures for Directing Shareholders' Enquiries to the Board

Shareholders should direct their enquiries about their shareholdings to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong (which will be relocated to 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong with effect from 15 August 2022).

Other shareholders' enquiries can be directed in writing with contact details (including name, address, telephone number and/or email address) to the Company's principal place of business in Hong Kong at 8/F., Guangdong Finance Building, 88 Connaught Road West, Hong Kong (the "Principal Place of Business") for the attention of the Company Secretary.

Procedures for Putting Proposals at Shareholders' Meetings

Shareholders are welcome to suggest proposals to be discussed at general meetings. Proposals should be directed in writing with contact details (including name, address, telephone number and/or email address) to the Company's Principal Place of Business for the attention of the Company Secretary.

The procedures for shareholders to propose a person for election as a Director are available on the website of the Company.

The Board may, in its sole discretion, consider if such proposals are appropriate and shall be put forward to the shareholders for approval at the next general meeting to be convened by the Board.

INVESTOR RELATIONS

During the year, there is no change in the Company's constitutional documents. The Company's Memorandum and Articles of Association are available on both the Company's and the Stock Exchange's websites.

RISK MANAGEMENT REPORT

INTRODUCTION

Risk is inherent in the Group's business and operations. To ensure successful achievement of the goals and objectives of the Group, risks must be identified and managed properly. The Group formulated risk management policy (the "RM Policy") to define a risk management framework with appropriate process and procedures to identify, assess and mitigate risks where possible and to continually monitor risks as other risks or threats emerge.

RISK MANAGEMENT FRAMEWORK

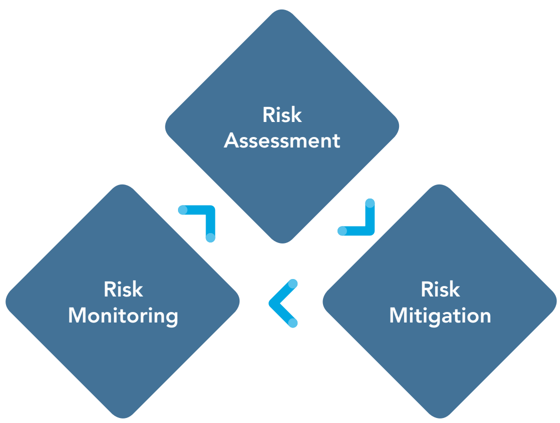
Under the risk management framework (the "RM Framework"), the Group should be able to identify levels of risk and uncertainty and then properly manage such risks in a structured way, so any potential threat to the Group can be appropriately managed to ensure the successful achievement of the Group's strategic objectives.

One of the challenges in the risk management process (the "RM Process") is to ensure that all major risks are clearly identified. To facilitate this process, the Group firstly classifies all the relevant risks by four major categories, i.e. strategic risks, financial risks, compliance risks and operational risks ("Major Risk Categories"). Within each category, the principal risks that could have material impact at the Group level are identified and regularly evaluated based on its potential impact and likelihood of occurrence.

The RM Process is made of three stages: risk assessment, risk mitigation and risk monitoring. Where required, the RM Process and the development of counter measures will involve consultation with the Board, the Audit Committee and other relevant stakeholders.

Major Risks Categories

Risk Management Process



ACCOUNTABILITY FOR RISK MANAGEMENT

Board of Directors

The ultimate responsibility for ensuring an appropriate RM Framework and RM Process in place rests with the Board of Directors (the "Board"). The RM Policy and updated status of the identified risks should be provided to the Board with clear statements of the risk management strategies and proposed actions to enable ongoing management regular review. The Board will also be provided with updated details, as required, when additional threats emerge or the likelihood or potential impact of a previously identified risk changes.

The Board will review the key risks on a half-yearly basis via updated information provided by the risk owners through the risk management team ("RMT") and then provide advice and direction to the RMT accordingly. After reviewed by the Board, the updated status of such key risks will be recorded in the Risk Management Report which is incorporated in the annual report of the Company.

The Audit Committee ("AC") supports the Board in monitoring the Group's exposures, operating effectiveness of the risk management and internal control systems. RMT will quarterly update AC the movements on key risks and appropriate mitigation measures and reviews with AC the Group's risk management control status on a half-yearly basis.

Risk Management Team

The Group established the RMT which is headed by the Group's Chief Executive Officer ("CEO") and comprised of all business owners and department heads as members and risk owners. The RMT is responsible for the implementation of the Group's RM Policy, risk identification, ongoing monitoring and management of identified risks and providing regular reporting of risks status to the Board. All members of RMT shall also be the risk owners and are responsible for:

(a) Identification, analysis and evaluation of risks and continual monitoring according to the risk management model established by the Group;

(b) Development and implementation of the RM Policy;

(c) Organization of regular review on risk management so that risks can be reviewed and new risks can be identified;

(d) Assessment of identified risks and developing strategies to manage those risks as they are identified;

(e) Ensure that key risks are closely monitored; and

(f) Providing regular update to AC and the Board noting key risks and specifying any changes to the risks identified and the mitigation actions adopted to manage them.

Risk Management Team
- Quarterly update

›

Audit Committee
- Half-yearly review

›

The Board
- Half-yearly review

RISK ASSESSMENT

Identification

Risk identification involves determining which risks or threats are likely to affect the achievement of the Group strategic objectives. According to the RM Framework, the risk owners should identify all key risks under the Major Risk Categories.

The identification process should cover a simple two-step approach:

(a) consider what might be a trigger event or threat and several triggers may reveal the same inherent risk; then

(b) use a short and sharp statement to describe the nature of the risk and the impact on the Group.

Use the Risk Register to document the results and for regular updating of new identified risks.

Analysis and Evaluation

Once risks have been identified, they must be analyzed by determining how they might affect the Group. Once analyzed, risks should be evaluated to determine the likelihood of a risk or threat being realized and the seriousness, or impact, should the risk occur.

Likelihood: A qualitative measure of probability that the threat will emerge (generally ranked as Low (L), Medium (M) or High (H)).

Seriousness: A qualitative measure of negative impact to convey the overall loss of the Group if the threat emerges, based on the extent of the damage (generally ranked as Low (L), Medium (M), High (H) or Extreme).

Each identified risk will be graded as A, B, C, D or N according to the following matrix:

		Seriousness			
		Low	Medium	High	Extreme
Likelihood	Low	N	D	C	A
	Medium	D	C	B	A
	High	C	B	A	A

The ratings for likelihood and seriousness determine a current grading for each risk that in turn provides a measure of the risk exposure at the time of the evaluation.

Risk Mitigation

Mitigation of risks involves the identification of actions to reduce the likelihood that a threat will occur (preventative action) and/or reduce the impact of a threat that does occur (corrective action).

Risk mitigation action is to reduce the chance that a risk will be realized and/or reduce the impact of seriousness of a risk if it is realized or have been developed. The following table shows how risks will be treated in terms of preparation and/or deployment of mitigation strategies. Mitigation strategies are usually prepared and/or deployed for Grades A through to C. However, where an existing risk graded at D appears likely to be upgraded, mitigation strategies should be prepared.

Grade A	Mitigation actions, to reduce the likelihood and seriousness, to be identified and implemented as soon as the risk is identified as a priority.
Grade B	Mitigation actions, to reduce the likelihood and seriousness, to be identified and appropriate actions implemented during business operation.
Grade C	Mitigation actions, to reduce the likelihood and seriousness, to be identified and costed for possible action if funds permit.
Grade D	To be noted; no action is needed unless grading increases over time.
Grade N	To be noted; no action is needed unless grading increases over time.

Risk owners are assigned to formulate mitigation action plans and take appropriate actions to address the identified risks. If prevention strategies are being effective, some of the key risks should be able to be downgraded.

Risk Monitoring

Risk Management is an iterative process that should be built into the daily management processes. Under the RM Framework of the Group, it is closely linked with the yearly budget and mid-year forecast planning process.

As risk management is an ongoing process, the Risk Register is considered as a snap shot of relevant risks at one point in time.

- RMT reviews and updates the Risk Register about any change on the likelihood or impact of identified risks quarterly and send the updated Risk Register to AC for information;
- The AC reviews the Risk Register and the status of risk implementation actions half-yearly to ensure that appropriate actions are taken and any emerging risks are appropriately dealt with; and
- The Risk Register is maintained as part of the RM Policy.

MANAGEMENT OF KEY RISKS

The Group operates in a highly competitive industry. Continuous and effective risk management is of vital importance for achieving the Group's success and sustainable growth. Any identified risks graded at A and B are treated as key risks of the Group. Relevant risk owners are required to formulate and implement mitigation action plans and report to AC and the Board about the progress of the risk management. The following sections lists out the identified key risks of the Group during the year and control measures are being undertaken.

Strategic Risk

Competition from Online Travel Agencies ("OTA"), Budget Airlines and Booking Websites

Competition from OTA, budget airlines and booking websites caused great pressure to the Group's business. Their low pricing strategy attracted price sensitive customers and adversely affected our business performance. In addition, keen pricing competition narrowed down the profit margin.

To tackle this risk area, the Group put continuous efforts to enhance the frontline service quality and focus on various trip planning and support services so as to distinguish our business image and model from OTA. We took initiatives to offer customers with value-added services, such as repeated and last minute change of itinerary. We allocated extra resources and manpower to strengthen our private tour and MICE team with an aim to provide customers with professional standard of travel services in the way that consumers are able to enjoy quality service. This team also provided support to the frontline sales in trip planning and management. It organized customized small group tours, study tours and MICE tours. It strengthened our FIT business by catering for the individual needs of customers with more flexible itinerary as well as enabled us to transform our FIT business to trip planning and management for small group tours with personalized services. Furthermore, we restructured our sales management team with a view to enhance operational efficiency. To motivate the frontline staff, we launched various incentive programs to boost sales. We are firmly committed to business diversification to offer a wide variety of travel products and services from the FIT business to corporate travel, cruise holidays and different themes of guided tours. We actively cooperate with different tourism boards to promote special products which are exclusively provided for the sale at physical stores. In addition, we also put effort to further enhance the long established relationship with suppliers so as to enjoy special offer for large sales volume.

Financial Risk

Currency Exchange Risk

We purchased travel products from overseas suppliers in foreign currency while selling to customers in Hong Kong dollar. As the purchasing and selling process do not occur at the same time, significant change in foreign exchange rate may affect the business results. Transaction currency exposures with income and loss may occur when doing business with suppliers from different countries.

We established policy and well defined procedures to monitor the Group's foreign exchange exposure by closely monitoring the movement of foreign currency rates. Besides, we enhanced frontline booking system to facilitate and enhance the foreign currency exposure control process.

To minimize the currency exchange risk, we may enter into foreign currency forward contracts or purchase foreign currency at spot rate directly from the market when and where appropriate after taking account of the daily business sales.

Treasury Investment Risk

The Group's treasury investment activities are exposed to the risk of market fluctuation, which may cause significant loss in investments and thus negatively affect the Group's financial result.

We established a clear policy to govern all treasury investment activities. Under the policy, an investment cap is set for the maximum allowed investment amount so as to restrict the investment loss within the approved investment cap. The Board will review and revise the investment cap amount from time to time based on the latest market situation and investment result. Internal monitoring policy and reporting mechanism are strictly implemented to govern the investments activities.

Compliance Risk

The Group is committed to upholding laws and regulations that are relevant to its business and closely monitor the Group's policies relating to maintaining of business ethics. The operation of the Group's business is mainly subject to the jurisdictions of Laws of Hong Kong and relevant applicable rules and regulations, which including Companies Ordinances, Travel Agents Ordinance, Trade Descriptions Ordinance, Personal Data (Privacy) Ordinance, Code of Conduct, directives and guidelines of Travel Industry Council of Hong Kong, Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and etc.

During the year, no significant areas of concern that may affect the compliance risk management of the Group have been identified.

Operational Risk

IT Security Issue and Loss of Data

The Group's website and systems are exposed to hackers' potential attacks which can cause significant impact to the Group's operations. In addition, it will adversely affect the Group's image, reputation and reliability.

To improve the IT security and prevent potential attacks, we adopted a new generation of firewall with IPS (Intrusion Prevention System) and WAF (Web Application Function). We regularly backup our data so as to minimize the impact of data loss when there is an attack. We also carried out various attach preventions, such as upgrading of anti-virus software and restricting the internet access of all users' personal devices, including guests and staff members, through a designated Wi-Fi password to avoid connection to the Group's internal internet. The Group will continue to put emphasis on the internet access management and allocate resources on the IT security improvement.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THE GROUP

Travel Expert (Asia) Enterprises Limited and its subsidiaries ("the Group") are principally engaged in the provision of services relating to sales of air-tickets, hotel accommodation and other travel/wedding related products, sales of package tours, and food and beverage, property investment and investment in treasury activities. Due to the Coronavirus Disease 2019 ("COVID-19") pandemic, stringent control and social distancing restrictions have overall been imposed, which posed severe challenges to our business operations. Consequently, our business and operational activities have been materially affected. In view of the adverse situation, the Group continued to adjust its business strategy and implemented various stringent cost measures to maintain a smooth operation.

As one of the leading travel agents in the Hong Kong travel industry, the Group is committed to ethical corporate citizenship and to promoting sustainability in all of its activities. We demonstrate these commitments through transparent and responsible management of our environment and social values. Every subsidiary, each manager and employee, as well as any contractor performing work on behalf of the Group must support this policy.

The Group understands that the board of directors of the Company ("the Board") has overall responsibility for decision making with respect to environment, social and governance (collectively referred to as "ESG") management and reporting. The Board has reviewed the material environmental, social and governance issues, and will manage and monitor these issues and take them into consideration in determining the Group's business directions and strategies. The Group will actively undertake social responsibility in pursuing a better environment.

ABOUT THIS REPORT

The Group is pleased to present its ESG report (the "ESG Report") for the year ended 31 March 2022 (the "Reporting Period"). This report provides an annual update on the sustainability performance, accomplishments and challenges faced over the past years.

Reporting Principles

The ESG Report is prepared in accordance with the Environmental, Social and Governance Reporting Guide (the "ESG Reporting Guide") in Appendix 27 of the Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited ("Stock Exchange"). According to the ESG Reporting Guide, the following principles are underpinned:

1. **Materiality:** ESG issues that have major impacts on the Group must be set out in this ESG Report.

2. **Quantitative:** If the key performance indicators (KPIs) have been established, they must be measurable and applicable to valid comparisons under appropriate conditions. They must also be able to describe the purpose and impacts of quantitative information.

3. **Balance:** This ESG Report must provide an unbiased picture of the environment, social governance performance of the Group. It should avoid selecting, omitting, or presenting formats that may inappropriately influence a decision or judgement by the reader.

4. **Consistency:** This ESG Report should use consistent and statistical methodologies to allow meaningful comparisons of related data over time. Any changes to the methods used must be specified in the ESG Report.

Reporting Boundary

In accordance with the operational control approach, this Report primarily covers the environmental and social performance within the operational boundaries of the Group's main operation of travel-related businesses. This ESG Report has not covered the Group's food and beverage business, as which was opened in October 2021 and operated for a short period of time, and other business activities, as which had minimal impacts on ESG issues.

Confirmation

The information documented in this ESG Report is sourced from official documents, statistical data, management and operation information and collected by the Group in accordance with relevant internal policies. This ESG Report was approved by the Board on 28 June 2022.

Feedback

The Group values the opinion of stakeholders. If any stakeholder has any feedback or suggestions on the ESG Report, please send them to the principal place of business in Hong Kong of the Company at 8/F., Guangdong Finance Building, 88 Connaught Road West, Hong Kong. Your feedback or suggestions would greatly help the Group continuously improve its ESG performance.

STAKEHOLDER ENGAGEMENT

The Group understands the importance of developing long-term relationships and constant dialogues with various stakeholders. We seek to balance the views and interests of these various parties through constructive conversation.

Shareholders/Investors

The Shareholders Communication Policy (the "Policy") helps to strengthen dialogue and expand channels of communication with the shareholders of the Company (the "Shareholders"). The Group regularly reviews this Policy to ensure its effectiveness and ensure effective and timely dissemination of relevant information to Shareholders at all times. Shareholders are also encouraged to raise any question to the Company Secretary regarding this Policy.

Customers

Customer feedback is invaluable as the Group operates in an extremely competitive market. There are a number of channels to solicit customer comments and recommendations. An increasing number of our customers are now getting the latest news and information of our products and services through our group's website i.e. www.tegroup.com.hk and individual business websites such as www.texpert.com, www.premiumholidays.com, as well as EDM (electronic direct mailing).

Employees

The Group is committed to providing staff training and development programmes designed to help our employees to enhance their knowledge and skills as well as self-enrichment. These employees who embody the virtue of team spirit are the backbone of our businesses.

Suppliers and Creditors

The Group is committed to upholding laws and regulations that are relevant to its business and closely monitor the Group's policies relating to maintaining of business ethics.

Government

The principal activities of the Group are the provision of services relating to the sales of air-tickets, hotel accommodation, other travel/wedding related products, sales of package tours, and food and beverage, property investment and investment in treasury activities. These activities are mainly subject to the jurisdictions of Laws of Hong Kong. Along with different government laws, rules and regulations, each operating business makes tremendous effort to ensure that it is complied with the relevant laws and regulations.

ENVIRONMENTAL ASPECTS

Emissions

We have long recognized that a healthy environment is the foundation for economic progress and is essential to the well-being of society. Therefore, we are dedicated to maintaining our energy consumption and emission at low level in every single step. We strived to enhance operational efficiency and carried out measures to reduce the impact on the environment in order to protect the earth's resources.

The Group's businesses are mainly about provision of travel agency services and do not directly involve in production of related air, water, land pollutions and hazardous waste. Nonetheless, the Group has been rolling out various IT initiatives to help decrease unnecessary wastage and reduce carbon emission. We have actively implemented eco-friendly measures to reduce carbon footprint in our business operations. For instance, video/phone conference and e-training modules have been adopted to minimize the cost of transportation and paper usage in order to reduce carbon emission.

Use of Resources

The Group has taken a number of measures to minimize waste along with its business development by adopting different energy saving practices to encourage behavioral changes of our employees. We are pleased to see that such measures improved the effectiveness of use of resources.

Paper

- Using e-fax to minimize printing needs
- Using e-flyer to allow printing on demand basis
- Using e-learning and e-exam in training programmes to minimize the printing of training materials and exam paper since 2012 and 2015 respectively
- Reusing carton boxes for renovation projects and exhibitions to extend the lifecycle of the packing materials
- Reducing waste at the first place by using various eco-friendly solutions, e.g. using various IT systems to promote paperless working environment, such as e-leave application and name card application, online monthly salary record and tax return record
- Using recycled paper and envelopes and double-sided printing
- Encouraging customers to use e-tickets rather than paper form in view of the popularity of e-culture

Electricity

- Replacing traditional light bulbs with LED bulbs to save electricity consumption and reduce greenhouse gas ("GHG") emissions
- Encouraging staff members to turn off lights and air-conditioners when not needed, especially after office hours
- Using eco-friendly air conditioners, e.g. grade 1 of energy efficiency label to reduce carbon emission
- Regular maintenance is undertaken on appliances and air-conditioning system to ensure efficient operation and increase their longevity

Water

The Group's main operations of travel and travel-related business do not have any wet processes. Water is only used for human consumption and sanitation. Having said that, the Group is committed to conserving water. We posted notices at common areas of the office reminding staff members to reduce water consumption and the importance of water saving.

Computer

With a view to reduce electronic waste and extend the lifespan of computers, we donate retired computers and/or monitors to charitable organizations or work with a recycling company which will evaluate and, in some cases, reform and rebuild such old devices and donate them to people in need. During the year, we donated 50 computers and 90 monitors to Caritas Computer Workshop, which provides refurbished computers to NGOs (non-governmental organisations) and the needy people.

Stationery and Furniture

Reusing stationery, furniture and equipment among offices and branches instead of buying new one or disposing of such materials. To extend the lifespan of office furniture and enhance resource efficiency, we carry out regular maintenance, such as replacing the seat foam of office chairs.

During office removals, in order to reduce the carbon footprint and saving cost, we used the furniture left by the landlord and our own existing furniture and equipment to furnish the new office. In addition, we reduced wastage after office removal by sticking new address label on letterheads and envelopes that were in used instead of disposing and reprinting new stationery.

Waste

Reusing carton boxes for renovation projects and travel exhibitions to extend the lifecycle of the packing materials. During our removal of office, we offerred some unwanted furniture to our staff to maximize the lifecycle of such furniture and minimize the waste.

Overview of Resources Consumption

Below is an overview of resources consumption during the Reporting Period:

Resources	Unit	2021/22	2020/21	Variance
Water	m^3	**0**	217.3	↓ 100%
Electricity	kWhs	**165,610**	131,394	↑ 26%
Paper	tons	**0**	1.1	↓ 100%

With the Group's efforts on energy saving and the support of pursuing green practices of the entire Group, during the Reporting Period, overall resources consumption remained at a reasonable level. As the management fee of the headquarters included water charges and no demand note was received by the the Group, no water consumption unit was recorded. The increase in electricity consumption was due to resumption of office hours when the COVID-19 pandemic stabilized. For the paper consumption, our business dropped significantly due to COVID-19 pandemic. We streamlined the branch network and reduced the paper consumption. The paper consumption was calculated base on the paper purchased during the relevant period. As we used the remaining paper stock and did not make any purchase during the Reporting Period, no paper consumption units was recorded.

In the future, with, we will continue to explore opportunities and innovative ways to minimize resources consumption and the impacts to the environment and nature resources.

The Environmental and Natural Resources

The Group believes that business development should not come at the expense of the environment. Therefore, we adopted environmental friendly practices in various aspects and company events. For example, we use energy saving lighting such as LED bulbs for new replacement if possible; use air conditioning and light zoning arrangements in the office to reduce unnecessary energy wastage; choose shark-free menu for Annual Dinner and Spring Dinner.

Furthermore, we send waste paper to shredding company for paper recycling as a way to preserve forests regularly. Having said that, we encourage staff members to reduce paper consumption by using e-filing and other eco-friendly ways. During the Reporting Period, we did not arrange for paper shredding as the amount of waste paper reduced.

Climate Change

The Group realizes that climate change can pose hugh challenges globally, which affects our livelihood and business operation. Therefore, we are committed to lowering the greenhouse gas emissions level and reviewing the current practices on energy-saving and resource utilization from time to time. Extreme weather events, such as typhoons and rainstorms, have become more frequent due to climate change. To safeguard the safety of employees and reduce property loss, the Group has established an internal guideline on working arrangements in times of typhoons, rainstorms and extreme conditions after super typhoons. The Group would stay alert to any announcements by the local governments on weather conditions and prepare for emergency actions.

SOCIAL ASPECTS

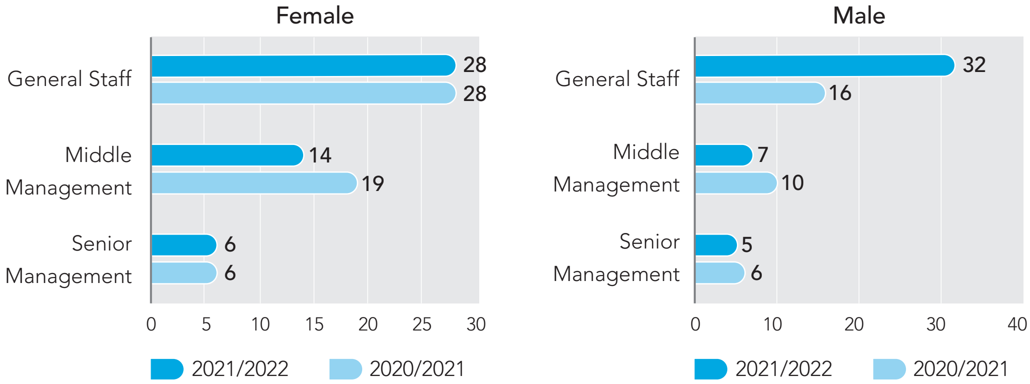
Employment

The Group adopts fair and open recruitment mechanism with all positions being openly recruited regardless of age, gender, race, nationality, religion, marital status or disability. Apart from internal transfers, all vacancies are published to public via different recruiting channels such as online recruitment channels, recruitment fairs and recruitment day.

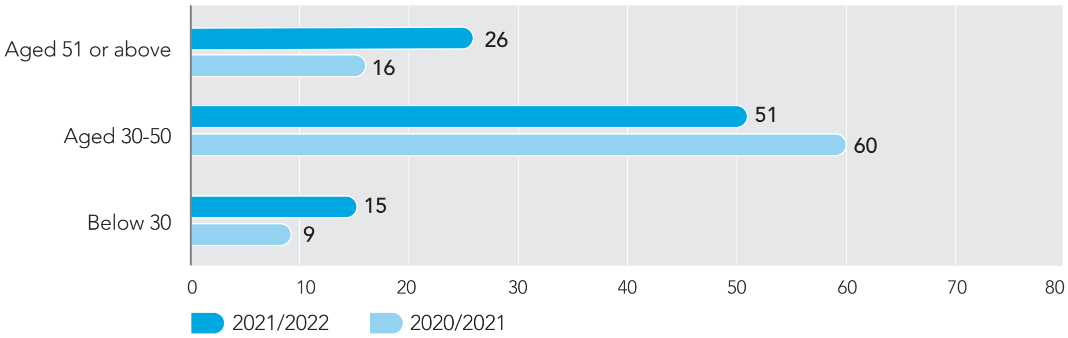
A formal induction together with a tour of the workplace is provided to all new employees. This aims to welcome the new employees and give them a better understanding of the Group. A brief of employee handbook is to ensure new employees are aware of relevant policies and code of conduct. Employee handbook together with various guidelines and benefits are uploaded on the Group's intranet for the access by all staff members.

As at 31 March 2022, the Group had a total of 92 employees, 74 of which were full time employees and 18 of which were part-time employees (as at 31 March 2021: total of 85 employees, 79 of which were full time employees and 6 of which were part-time employees). Breakdowns of the employees by position and gender, age, years of service and employment type are set forth below respectively:

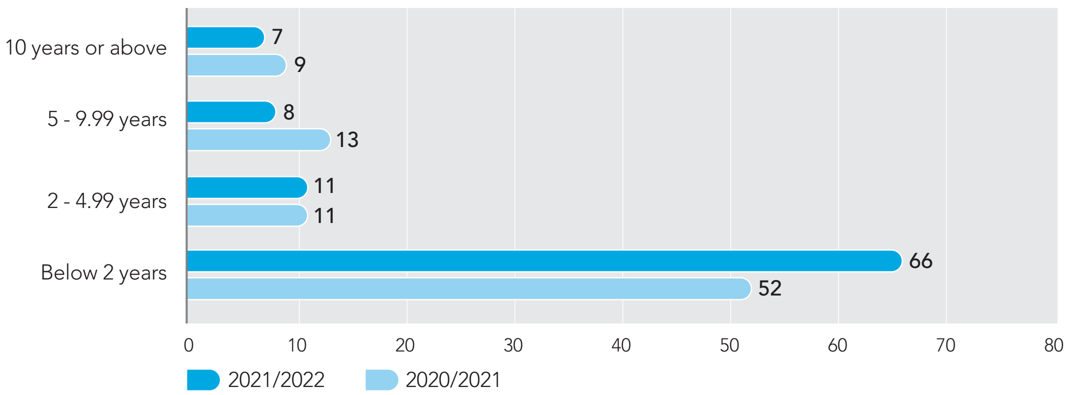
Staff Distribution by Position and Gender



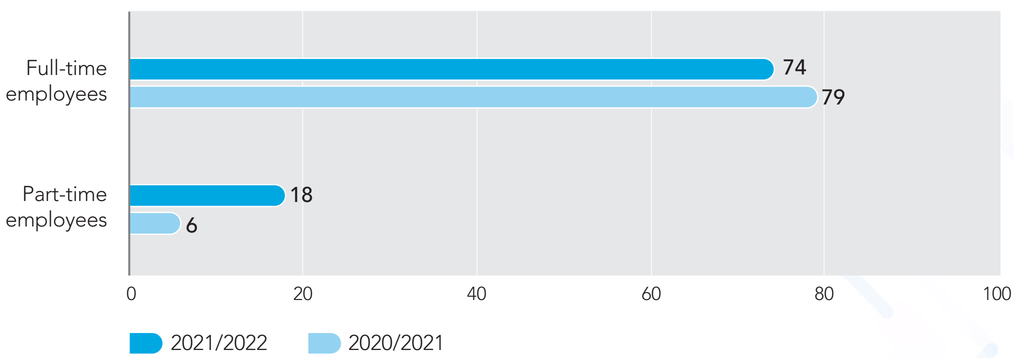
Staff Distribution by Age



Staff Distribution by Years of Service



Staff Distribution by Employment Type



Like other retail companies in Hong Kong, we had high turnover rate in general frontline positions and young workforce in the past few years. As part of a restructuring process planned long before the COVID-19 outbreak, we aimed at enhancing branch efficiency and cost control by gradually reducing the workforce size. However, COVID-19 pandemic has seriously impacted travel industry and we have substantially reduced the workforce size, resulting in an overall decrease in the number of employees.

The Group supports diversity and provides all our employees with equal opportunities. We recruit new talents based on abilities and qualifications regardless of race, religion, gender or age. As at 31 March 2022, the Group's male to female employee maintained at nearly 5:5. The Group had also recruited from a diverse age group. About 16.3%, 55.4% and 28.3% of our workforce were fell in the respective age groups of below 30, 30-50 and 51 or above.

Health and Safety

The Group strives to promote safety awareness, improve occupational environment and reduce occupational risks. We continuously promote safety awareness among employees and committed to providing a healthy and safe working environment for our employees. The Group has dedicated adequate resources and effort to uphold and improve the Group's safety management measures in order to reduce the risks relating to labour safety, such as:

Guideline

- Adopting written guidelines on delivery of documents and goods, and work safety matters for employees

- Ensuring a healthy and safe workplace and compliance with all relevant workplace health and safety laws; providing Guideline of Handling Operation & Prevention of basic injuries to office assistants and employees who are required to work in field duty stations so as to equip them with proper manual handling practices and reduce the work injury to the lowest level

- Formulating clear guidelines for prevention of musculoskeletal disorders and releasing work pressure; uploading relevant video and leaflet on intranet for the access for all staff

Insurance

Maintaining various insurance policies for employees' compensation and liability.

Protect Our Talents from COVID-19

The Group understands that maintaining an appropriate social distance and personal and environmental hygiene are the key to personal protection against infection and prevention of the spread of the COVID-19 pandemic in the community. Therefore, to combat the disease, we carried out a number of measures which including:

- Providing all our staff with face masks and hand sanitisers in all workplaces
- Requiring all staff and visitors to wear mask and body temperature check in all workplaces
- Requiring staff who are living in the buildings with confirmed cases to stay at home until obtained negative testing results
- Reducing working hours
- Reducing physical meetings by holding zoom meetings
- Encouraging staff to participate in the community testing programme and receive vaccine
- Adopting flexible lunch hours and urging staff not to have meal gatherings
- Reminding staff not to gather in pantry and other office common areas

Work Related Injury
During the Reporting Period, through consistently promoting work safety awareness and encouraging our staff to report potential hazards in the working environment, the Group continued to record zero work related injury case.

	2021/22	2020/21	2019/20	Variance
No. of Work Injury Case	**0**	0	0	no change
No. of Lost Days	**0**	0	0	no change
No. of Work-related Fatalities	**0**	0	0	no change

During the Reporting Period, there was no material breach or non-compliance with the applicable laws and regulations that have a significant impact on the Group relating to health and safety.

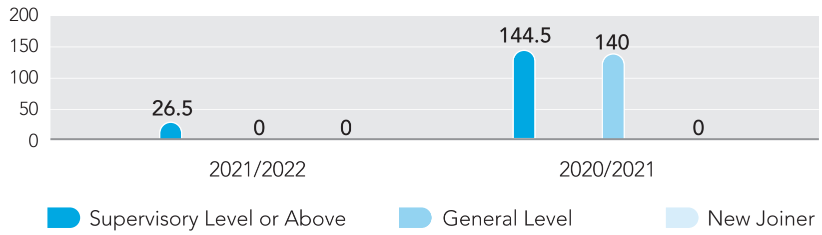
Development and Training

The Group believes that investing in employees is essential to the future strength and success of its business.

The Group has established an in-house training department with a team of experienced trainers as coaching staff. Our Customer Service, Training and Sales Administration Department is responsible for developing our own training programmes. These trainings are delivered in different forms including internal and external class room training courses, on-the-job training, e-learning modules and workshops. All these trainings are designed to enhance and broaden employees' skill sets. We have an intensive and standardized in-house training programme to train new joiners of frontline to enable them to gain the core techniques before serving the customers. Tailor-made programmes are held regularly to help employees meet the ever changing needs of the marketplace. Besides, the Group has study sponsorship policy to encourage employees in continuing and life-long learning.

In addition, the Group provides continuous professional development training to its directors and senior management to develop and refresh their knowledge and skills. These include workshops on leadership development, management skills, corporate governance practices as well as updates on regulatory developments and requirements.

Below is a summary of the total training hours delivered during the Reporting Period:



During the year, the extremely difficult environment caused by COVID-19 pandemic seriously affected our business. We carried out cost control measures, such as streamlining the branch network and work force as well as implemented no-pay leave arrangement. Therefore, we did not arrange training programs to the Group's frontline staff but continued to arrange training covering topics of governance, director duties, regulatory updates and etc to directors and senior management to equip them with the latest management, business and governance policies and practices.

We understand that the stability, dedication and professionalism of our employees provide the foundation from which we are able to develop and grow. Therefore, we present long service awards to the staff members who have dedicated 5, 10, 15, 20, 25 and 30 years' service to the Group at each year's annual dinner to appreciate their loyalty and unfailing contributions. Unfortunately, due to COVID-19 pandemic, the staff headcount has been substantially reduced. During the year, the Group did not hold an annual dinner. As at 31 March 2022, a total of 9 loyal staff members are qualified to receive the honour.

We believe that motivation is a key method to improve staff's performance and satisfaction. The Group adopted various measures to recognize high performers both as individuals and as a team, such measures including presenting awards to branches and arranging incentive tours for outstanding performance staff to motivate and recognize the staff that delivered performance beyond what is expected of them.

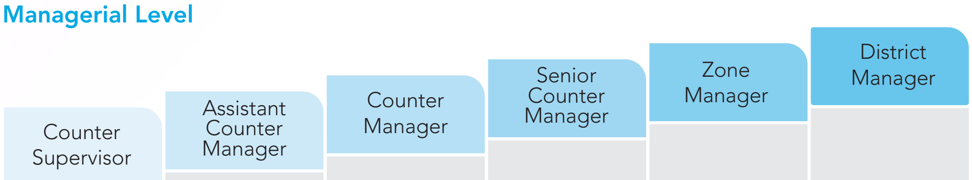
The Group encourages communication and interaction of the staff members with the management. We provide a wide spectrum of informal communication platforms regularly, such as branch visit by management team, experience sharing between middle and senior management and etc. During the pandemic, we have zoom meeting instead of physical visit and gathering. Through these moves, the management is alerted to the issues raised by staff members and can carry out responsive measures to improve operations if appropriate. Besides, this enhances the sense of belonging of staff members.

Furthermore, the Group organizes various events to facilitate a good communication and social platform between the management and staff members. Annual Dinner is one of the most prestigious events of the year, attended by all staff in the Group. Lots of lucky draws and games make the evening full of energy and excitement. During the dinner, we convey the Group's vision and strategy to our staff members. At the same time, the Group acknowledges the staff members from different positions with good performance and the loyalty staff for long service award. Unfortunately, due to COVID-19 pandemic, the annual dinner of the year was postponed and other events were halted.

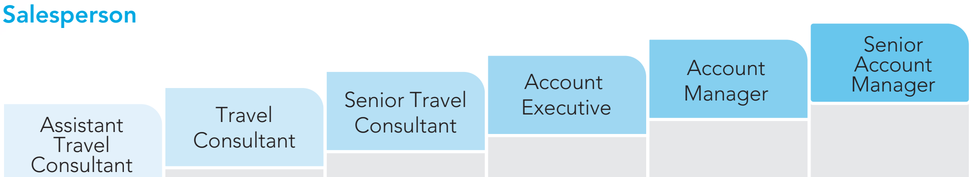
We believe that happy staff makes happy customers and endeavor to provide happy working environment. We promote the relationship between staff to make them like family members. However, no activity was held due to the COVID-19. Nevertheless, we provide free snacks and soft drinks in the pantry for employees to make our office a better place to work.

Talents with expertise and job related knowledge are our assets. To encourage career advancement of staff, the Group provides a clear career path to frontline employees:

Managerial Level



Salesperson



Along with a competitive salary package, we offer discretionary bonus, different incentives and performance management system to recognize performance. All these measures aim at establishing a fair and reasonable mechanism for managing remuneration and providing performance incentives to boost employee loyalty and cohesiveness.

Labour Standards

The Group believes in nurturing and developing top talents regardless of race, gender, age, religious belief, pregnancy, marital status, family status or disability. The Group has policies to ensure all employees and job applicants enjoy equal opportunities and fair treatment, such as Equal Opportunities Policy & Guideline, Whistle-blowing Policy, Gifts and Entertainment Policy.

All employees have the right to complain in case of discrimination, suspected misconduct and illegal acts via established procedures. We will investigate each complaint thoroughly, resolving it fairly and in the strictest confidence. Gifts and Entertainment Policy has been uploaded on the intranet that provides guidelines for business related gifts and entertainment given or received by the staff members.

Supply Chain Management

The Group has established policies in selecting suppliers, which including interviews and conducting company background check to understand the potential suppliers' products and operations. Before engaging any supplier, we make search on the supplier's company to ensure that it has properly registered with relevant authorities and obtained permits or licences according to applicable laws and regulations.

Product Responsibility

The Group is committed to providing quality services and products to achieve customer satisfaction. To enhance customer experience, we have a team of experienced customer service to improve serving skills to frontline staff by providing regular technical training. We have formulated Complaint Management Policy which sets out the procedures for handling complaints. We also regularly review complaint cases so as to improve our services and to avoid occurrence of similar case in the future.

To enable us to provide customers with the best travel experience, understanding their needs is of vital importance. We set up various channels for customers to express their comments and recommendations, such as, hotline, branches, service feedback email and where appropriate, social networking tools.

Our business is customer-oriented. We provided Trade Description Ordinance guideline to our travel consultants to protect customers by prohibiting false trade descriptions, false, misleading or incomplete information and misstatements in respect of goods provided in the course of trade.

Most of travel consultants have obtained Travel Insurance Agents License so that they can provide professional information about the travel insurance to customers.

Anti-corruption

The Group takes its anti-corruption responsibilities very seriously. In addition to the ongoing review of the effectiveness of the internal control systems, the Group has established a whistleblowing policy to direct employees to report to the members of the Audit Committee about possible improprieties in any matter related to the Group. The Group also established gifts policy and guidelines about anti-corruption.

We value integrity and carried out various measures to uphold our principle of honesty which including:

Corruption Prevention

- Distributing corruption prevention leaflet to all new joiners to enhance their alertness of the anti-corruption

- Providing staff with industry or customer feedback policy and distributing the leaflet "Tips for Corruption Prevention in Travel Industry" published by Independent Commission Against Corruption (ICAC) to every new recruit of travel consultant in attempt to raise their awareness and alertness against corruption

Internal Complaint Channels

- Escalating internal complaints about operational problems to department heads or Human Resources Department

- Sending an e-mail directly to the Audit Committee (ac@tegroup.com.hk) in order to report the misconduct which involving illegal practices, fraudulent over the Shareholders or suspicious accounting practices of internal accounting supervisions and auditing if such employees, for any reason, considering their situation is inappropriate to report the improper behavior in the Group to their department heads, chief executive or chairman

Community Investment

The Group encourages our employees to play an active role in the communities where they live and work. The Group has been honored as "Caring Company" since 2012 by the Hong Kong Council of Social Service, in recognition of our achievements in corporate social responsibility and commitment to create a caring community.

The Group encourages and promotes volunteerism and encourages our employees to serve their communities in numerous ways. Some of the community engagements are highlighted below:

Hiking Fund Raising

We have joined the hiking fund raising activity held by "Smile Foundation" since 2012, which aim at improving the schooling in the remote areas in mainland China. The event has been cancelled due to the outbreak of COVID-19 but we still showed our support by donation.

Work Experience Program

We consider providing practical work experience a vital step to support talent development, that's why we used to support the internship program conducted by different universities or institutions. During the year, the internship program has been unfortunately canceled because of COVID-19 pandemic.

REPORT OF THE DIRECTORS

The Directors present their annual report and the audited consolidated financial statements of the Group for the year ended 31 March 2022.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the Company's subsidiaries are set out in note 27 to the consolidated financial statements.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 March 2022 and the state of affairs of the Group at that date are set out in the consolidated financial statements on pages 43 to 95.

No interim dividend (six months ended 30 September 2020: Nil) was paid to shareholders during the year.

The Board has resolved not to recommend the payment of a final dividend for the year ended 31 March 2022 (2021: Nil).

A summary of the published results and assets and liabilities of the Group for the last five financial years is set out on page 96.

BUSINESS REVIEW

A review of the Group's business and operations for the year as well as a discussion on the likely future developments are provided throughout this annual report, particularly in the sections of "Chairman's Statement" and "Management Discussion and Analysis".

Further discussions on the Group's environmental policies and performance and key relationships with its stakeholders are provided throughout the section "Environmental, Social and Governance Report" section in this annual report.

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

The register of members of the Company will be closed from 19 August 2022 to 24 August 2022, both days inclusive, for the purpose of determining the shareholders' entitlement to attend and vote at the annual general meeting ("AGM") scheduled to be held on 24 August 2022. In order to be eligible to attend and vote at the AGM, all transfer forms accompanied by relevant share certificates must be lodged with the Company's Branch Share Registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong (which will be relocated to 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong with effect from 15 August 2022) not later than 4:30 p.m. on 18 August 2022.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in note 12 to the consolidated financial statements.

INVESTMENT PROPERTY

During the year ended 31 March 2022, the Group had not held any investment property.

BANK BORROWING

At 31 March 2022, the Group had no bank borrowing.

CHARITABLE DONATION

The Group made charitable donation during the year totaling HK$10,000 (2021: Nil).

SHARE CAPITAL

Details of movements in the Company's share capital during the year are set out in note 23 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association (the "Articles of Association") or the laws of the Cayman Islands, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders of the Company unless otherwise required by The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

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

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 24 to the consolidated financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

At 31 March 2022, the Company has no reserves available for distribution in accordance with the Companies Law, Chapter 22 (as amended) of the Cayman Islands.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the percentage of turnover or sales attributable to the Group's five largest customers combined was less than 49%. The percentage of purchases attributable to the Group's five largest suppliers combined and the largest supplier were 58.7% and 21.2% respectively.

None of the Directors of the Company or any of their associates or any shareholders (which, to the best knowledge of the Directors, owns more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest suppliers.

DIRECTORS

The Directors of the Company during the year and up to the date of this report were:

Executive Directors	Mr. Ko Wai Ming, Daniel *(Chairman)* Ms. Cheng Hang Fan *(Chief Executive Officer)*
Independent Non-executive Directors ("INEDs")	M. Chau Kwok Wing, Kelvin (Appointed at the AGM on 18 August 2021) Mr. Mak King Sau Mr. Szeto Chi Man (Retired at the AGM on 18 August 2021) Mr. Yung Ha Kuk, Victor

Pursuant to Articles 84(1) and 84(2), Mr. Ko Wai Ming, Daniel and Mr. Mak King Sau will retire by rotation at the AGM and, being eligible, will offer themselves for re-election.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of its INEDs an annual confirmation of their independence from the Group. The Board and the Nomination Committee consider that all INEDs to be independent from the Group.

DIRECTORS' BIOGRAPHIES

Biographical details of the Directors of the Company are set out on pages 8 of this annual report.

DIRECTORS' SERVICE CONTRACTS

All the Executive Directors have entered into service contracts with the Company for a term of three years and continuing thereafter until terminated by not less than three months' notice in writing served by either party on the other.

Each of the INEDs has signed a letter of appointment and is appointed for an initial term of two years commencing on the date of listing of the Company's shares on the Stock Exchange. On 31 March 2016, all the INEDs have signed a letter to confirm that their respective terms of appointment commenced on the date of the AGM at which he was re-elected and for a term of two years and shall be automatically renewed unless terminated by either the Company or the INEDs by giving at least one month's notice in writing to the other.

No Director proposed for re-election at the AGM has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

Directors are subject to retirement by rotation at least once every three years as required by the Articles of Association.

DIRECTORS' REMUNERATION

Directors' remunerations are determined subject to the recommendations of the Remuneration Committee and the Board's approval with reference to Directors' duties, responsibilities and performance and the results of the Group.

DIRECTORS' INTERESTS IN CONTRACTS

Apart from the transactions disclosed in note 32 to the consolidated financial statements, no Director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company, its holding company, or any of its subsidiaries was a party subsisted at the end of the year or during the year ended 31 March 2022.

DIRECTORS' INTERESTS IN SHARE CAPITAL

At 31 March 2022, the interests and short position of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and 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 for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 (the "Model Code") of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

(a) Long Position in Ordinary Shares of the Company

	Number of shares of HK$0.01 each in the Company (the "Shares")				
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	72.44%
Ms. Cheng Hang Fan ("Mrs. Ko")	8,370,000	4,240,000 *(Note a)*	356,715,000 *(Note b)*	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 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 share options of the Company

	Number of share options held			
Name of Director	Beneficial owner	Family interest *(Note b)*	Total	Approximate percentage of the issued share capital
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 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 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 31 March 2022, none of the Directors and chief executive of the Company had any interests and short position 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.

The maximum number of shares of the Company which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company shall not in aggregate exceed 10% of the Shares in issue on the date of listing of the Company's shares on the Stock Exchange, i.e., 50,000,000 shares. The Company may seek approval from shareholders to refresh such limit. Moreover, the maximum number of shares of the Company which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other option schemes of the Company must not exceed 30% of the Shares in issue from time to time. The maximum entitlement of each eligible person in any 12-month period shall not exceed 1% of the Shares in issue from time to time. Any further grant of options in excess of such limit must be separately approved by shareholders with such eligible person and his associates abstaining from voting.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as the Board may determine but in any event shall not exceed 10 years from the date of grant. Save as determined by the Board and provided in the offer of the grant of the relevant options, there is no minimum holding period before an option is exercisable. The amount payable on acceptance of a share option is HK$1.0.

The exercise price of the share option under the Share Option Scheme shall be determined by the Board provided always that it shall be at least the higher of (a) the closing price of the Shares as stated in the daily quotations sheet issued by the Stock Exchange on the date of offer for the grant of options (which is deemed to be the date of grant if the offer for the grant of the option is accepted by the Eligible Person), which must be a trading day; and (b) the average closing prices of the Shares as stated in the daily quotations sheet issued by the Stock Exchange for the five business days immediately preceding the date of grant, provided that the exercise price shall in no event be less than the nominal amount of a Share.

A summary of terms of the Share Option Scheme has been disclosed in the Prospectus dated 16 September 2011 issued by the Company ("Prospectus").

On 27 September 2021, a total of 31,000,000 share options (the "Share Options") were granted to certain Company's employees (including Directors and their associate) and a consultant of Café Another (the "Consultant") to subscribe for a total of 31,000,000 Shares in accordance with the Share Option Scheme. Prior to the said grant of Share Options, there was no outstanding option. 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 year ended 31 March 2022 were as follows:

		Number of Share Options					
Grantee	**Exercisable period**	**Balance as at 1 April 2021**	**Granted during the year**	**Exercised during the year**	**Forfeited during the year**	**Balance as at 31 March 2022**	**Exercise price per Share** (HK$)
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	
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	

Grantee	Exercisable period	Number of Share Options: Balance as at 1 April 2021	Granted during the year	Exercised during the year	Forfeited during the year	Balance as at 31 March 2022	Exercise price per Share (HK$)
Employees (in aggregate)	27/03/2023 to 26/09/2026	–	8,250,000	–	(120,000)	8,130,000	0.194
	27/03/2024 to 26/09/2026	–	8,250,000	–	(120,000)	8,130,000	0.194
	27/03/2025 to 26/09/2026	–	11,000,000	–	(160,000)	10,940,000	0.194
		–	27,500,000	–	(400,000)	27,100,000	
		–	31,000,000	–	(400,000)	30,600,000	

Note: Being Share Options granted to Mr. Ko Chun Wang, Kelvin, 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 year 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' AND OTHER PERSONS' INTERESTS AND SHORT POSITION IN SHARES AND UNDERLYING SHARES

As at 31 March 2022, shareholders (not being Directors or chief executive of the Company) who had interests or short position 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	69.96%
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:

(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 31 March 2022, 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.

CONNECTED AND RELATED PARTY TRANSACTIONS

During the year, the Group entered into certain related party transactions, details of which are set out in note 32 to the consolidated financial statements. For those related party transactions constituted continuing connected transactions to the Company under Chapter 14A of the Listing Rules, such transactions are fully exempted from shareholders' approval, annual review and all disclosure requirements pursuant to Rule 14A.76 of the Listing Rules.

INVESTMENT ACTIVITIES

For the year ended 31 March 2022, 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 and as approved by the Board at the meeting on 30 March 2022, the investment cap amount decreased from HK$50 million to HK$45 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 were as follows:

Investment by Categories	**31 March 2022 (audited) HK$'000**	31 March 2021 (audited) HK$'000
Equity securities listed in		
– Hong Kong	**1,285**	4,152
– overseas	**907**	–
Hang Seng Index future contracts	**4**	(5)
Nasdaq-100 Index future contracts	**4**	–
Total Value	**2,200**	4,147

CHANGE IN INFORMATION OF DIRECTORS

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

The amount of the directors' emoluments of the Executive Directors and the INEDs have been reviewed by the Remuneration Committee and the Board.

Mr. Mak King Sau has been appointed as an independent non-executive director of Justin Allen Holdings Limited (stock code: 1425), the securities of which are listed on the Stock Exchange.

The updated biographical details of the Directors of the Company are set out in the preceding section headed "Directors' Biographies". Details of the Directors' emoluments are set out in note 11 to the consolidated financial statements.

DEED OF NON-COMPETITION

Each of the controlling shareholders has confirmed to the Company of his/its compliance with the non-competition undertakings provided to the Company under the Deed of Non-competition (as defined in the Prospectus). The INEDs have reviewed the status of compliance and confirmed that all the undertakings under the Deed of Non-competition have been complied with by the controlling shareholders.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this annual report, at least 25% of the Company's total issued share capital was held by public as required under the Listing Rules.

AUDITOR

The consolidated financial statements of the Group for the years ended 31 March 2021 and 2022 were audited by BDO Limited. A resolution will be proposed at the AGM to re-appoint BDO Limited as the auditor of the Company.

On behalf of the Board
Ko Wai Ming, Daniel
Chairman and Executive Director

Hong Kong, 28 June 2022

BDO

Tel : +852 2218 8288
Fax: +852 2815 2239
www.bdo.com.hk

25th Floor Wing On Centre
111 Connaught Road Central
Hong Kong

電話：+852 2218 8288
傳真：+852 2815 2239
www.bdo.com.hk

香港干諾道中111號
永安中心25樓

TO THE SHAREHOLDERS OF TRAVEL EXPERT (ASIA) ENTERPRISES LIMITED
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Travel Expert (Asia) Enterprises Limited ("the Company") and its subsidiaries (together "the Group") set out on pages 43 to 95, which comprise the consolidated statement of financial position as at 31 March 2022, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the HKICPA's "Code of Ethics for Professional Accountants" (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 2.1 to the consolidated financial statements, which indicates that the Group recorded a loss for the year of approximately HK$17,923,000 and operating cash outflows of approximately HK$7,646,000 during the year ended 31 March 2022. These conditions, along with other matters as set forth in note 2.1 to the consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the "Material Uncertainty Related to Going Concern" section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Impairment of property, plant and equipment

Refer to notes 2.6, 4(ii), and 12 to the consolidated financial statements

The Group had recorded impairment loss of approximately HK$3,072,000 in respect of its property, plant and equipment for the year.

Certain of the Company's subsidiaries were loss making during the year and the operations of the Company's subsidiaries were also adversely affected by the outbreak of Coronavirus Disease 2019 ("COVID-19") pandemic. Management carried out impairment assessments for cash-generating units which have impairment indicators in accordance with Hong Kong Accounting Standard 36. The recoverable amounts of the cash-generating units of travel and travel related business and food and beverage business were determined to be insignificant and HK$2,343,000 respectively based on the value in use calculations using discounted cash flow projections and sales forecast prepared by management with major assumptions such as gross profit, the length of time which the impact of COVID-19 may continue and the speed of recovery. We focused on this area because significant estimations and judgements were involved in determining the recoverable amounts of the relevant cash-generating units subject to impairment assessments.

Our responses:

Our procedures in relation to this key audit matter included:

- Comparing the forecasted sales performance and estimated operation costs of the subsidiaries used in the value in use calculations to their historical records;
- Enquiring management for the key assumptions in value in use calculations and evaluated the key assumptions (such as gross profit, the length of time which the impact of COVID-19 may continue and the speed of recovery) applied by comparing them to our understanding of latest market information and conditions and historical information, where applicable;
- Recomputing the impairment loss calculations; and
- Evaluating the sensitivity analysis to ascertain the extent of change in the key assumptions that would result in the cash-generating units being impaired and also considered the likelihood of such a change in the key assumptions arising.

OTHER INFORMATION IN THE ANNUAL REPORT

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibility in this regard.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with the terms of our 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.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

BDO Limited
Certified Public Accountants

Wong Kwok Wai
Practising Certificate Number P06047

Hong Kong, 28 June 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2022

	Notes	**2022 HK$'000**	2021 HK$'000
Revenue	*5*	**10,278**	6,423
Cost of sales		**(4,727)**	(635)
Gross profit		**5,551**	5,788
Other income and gains	*5*	**7,948**	34,388
Changes in fair value of investment properties		**–**	(2,189)
Selling and distribution costs		**(9,041)**	(22,908)
Administrative expenses		**(20,894)**	(47,347)
Share of losses of associates		**–**	(828)
Fair value (loss)/gain on financial assets/liabilities at fair value through profit or loss		**(1,307)**	642
Loss from operations	*6*	**(17,743)**	(32,454)
Finance costs	*7*	**(394)**	(671)
Loss before income tax		**(18,137)**	(33,125)
Income tax credit	*8*	**214**	233
Loss for the year		**(17,923)**	(32,892)
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of overseas subsidiary		**17**	318
Other comprehensive income for the year		**17**	318
Total comprehensive income for the year		**(17,906)**	(32,574)
Loss for the year attributable to:			
Owners of the Company		**(17,921)**	(32,890)
Non-controlling interests		**(2)**	(2)
		(17,923)	(32,892)
Total comprehensive income for the year attributable to:			
Owners of the Company		**(17,904)**	(32,572)
Non-controlling interests		**(2)**	(2)
		(17,906)	(32,574)
Loss per share attributable to owners of the Company	*10*		
– Basic		**HK(3.5) cents**	HK(6.5) cents
– Diluted		**HK(3.5) cents**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2022

	Notes	2022 HK$'000	2021 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	*12*	**2,582**	226
Prepayments and deposits	*13*	**1,920**	1,983
		4,502	2,209
Current assets			
Inventories	*14*	**2,266**	2,373
Trade receivables	*15*	**253**	40
Prepayments, deposits and other receivables	*13*	**7,108**	12,132
Financial assets at fair value through profit or loss	*17*	**2,200**	4,165
Pledged deposits	*18*	**5,014**	15,152
Time deposits over three months	*19*	**2,400**	25,000
Cash and cash equivalents	*19*	**66,244**	51,549
		85,485	110,411
Current liabilities			
Trade payables	*20*	**4,332**	5,166
Accrued charges and other payables	*21*	**10,483**	12,249
Contract liabilities	*22*	**4,404**	2,113
Financial liabilities at fair value through profit or loss	*17*	**–**	18
Lease liabilities	*16*	**5,564**	8,174
Provision for tax		**4**	205
		24,787	27,925
Net current assets		**60,698**	82,486
Total assets less current liabilities		**65,200**	84,695
Non-current liabilities			
Lease liabilities	*16*	**4,042**	6,238
		4,042	6,238
Net assets		**61,158**	78,457
EQUITY			
Equity attributable to owners of the Company			
Share capital	*23*	**5,099**	5,099
Reserves	*24*	**55,883**	73,180
		60,982	78,279
Non-controlling interests		**176**	178
Total equity		**61,158**	78,457

Ko Wai Ming, Daniel
Director

Cheng Hang Fan
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2022

	Attributable to owners of the Company											
	Share capital HK$'000	Share premium HK$'000 *(note 24(a))*	Share option reserve HK$'000 *(note 24(a))*	Share redemption reserve HK$'000	Merger reserve HK $'000 *(note 24(a))*	Foreign exchange reserve HK $'000	Asset revaluation reserve HK $'000 *(note 24(a))*	Other reserve HK$'000 *(note 24(a))*	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 April 2020	5,099	55,629	–	37	(9,000)	(583)	34,727	(6,046)	30,988	110,851	180	111,031
Loss for the year	–	–	–	–	–	–	–	–	(32,890)	(32,890)	(2)	(32,892)
Other comprehensive income for the year	–	–	–	–	–	318	–	–	–	318	–	318
Total comprehensive income for the year	–	–	–	–	–	318	–	–	(32,890)	(32,572)	(2)	(32,574)
Release of reserve upon disposal	–	–	–	–	–	–	(34,727)	–	34,727	–	–	–
At 31 March 2021	5,099	55,629	–	37	(9,000)	(265)	–	(6,046)	32,825	78,279	178	78,457
At 1 April 2021	**5,099**	**55,629**	**–**	**37**	**(9,000)**	**(265)**	**–**	**(6,046)**	**32,825**	**78,279**	**178**	**78,457**
Loss for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(17,921)**	**(17,921)**	**(2)**	**(17,923)**
Other comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**17**	**–**	**–**	**–**	**17**	**–**	**17**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**17**	**–**	**–**	**(17,921)**	**(17,904)**	**(2)**	**(17,906)**
Share-based payments	**–**	**–**	**607**	**–**	**–**	**–**	**–**	**–**	**–**	**607**	**–**	**607**
At 31 March 2022	**5,099**	**55,629**	**607**	**37**	**(9,000)**	**(248)**	**–**	**(6,046)**	**14,904**	**60,982**	**176**	**61,158**

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2022

	Notes	**2022 HK$'000**	2021 HK$'000
Cash flows from operating activities			
Loss before income tax		**(18,137)**	(33,125)
Adjustments for:			
Interest income	*5*	**(1,104)**	(431)
Financial income on the net investment in a sub-lease agreement	*5*	**–**	(12)
COVID-19 related rent concession	*5*	**(506)**	–
Gain on lease modifications	*5*	**(170)**	(4,822)
Changes in fair value of investment properties		**–**	2,189
Share of losses of associates		**–**	828
Depreciation of property, plant and equipment	*6*	**1,300**	6,008
Gain on disposal of property, plant and equipment	*6*	**(154)**	(3,801)
Gain on disposal of investment properties	*6*	**–**	(2,000)
Loss on disposal of an associate	*6*	**–**	3,527
Loss on disposal of a subsidiary	*6*	**–**	2,838
Impairment loss on property, plant and equipment	*6*	**3,072**	11,239
Written off of prepayments, deposits and other receivables	*6*	**1,435**	–
Interest expenses	*7*	**394**	671
Fair value loss/(gain) on financial assets/liabilities at fair value through profit or loss		**1,307**	(642)
Share-based payments		**607**	–
Operating loss before working capital changes		**(11,956)**	(17,533)
Decrease in inventories		**107**	1,089
(Increase)/decrease in trade receivables		**(213)**	2,159
Decrease in prepayments, deposits and other receivables		**4,072**	18,113
Decrease in trade payables		**(834)**	(13,421)
Decrease in accrued charges and other payables		**(1,766)**	(15,612)
Increase/(decrease) in contract liabilities		**2,291**	(11,548)
Net proceeds of disposal of financial assets/liabilities at fair value through profit or loss		**92,463**	242,573
Purchases of financial assets/liabilities at fair value through profit or loss		**(91,823)**	(246,078)
Decrease in amount due to associate		**–**	(84)
Cash used in operations		**(7,659)**	(40,342)
Income tax paid		**–**	(150)
Income tax refund		**13**	126
Net cash used in operating activities		**(7,646)**	(40,366)
Cash flows from investing activities			
Purchases of property, plant and equipment		**(2,903)**	(892)
Purchases of investment properties		**–**	(189)
Proceeds from disposal of property, plant and equipment		**241**	18,806
Proceeds from disposal of investment properties		**–**	8,900
Proceeds from disposal of an associate		**–**	4,014
Proceeds from disposal of a subsidiary		**–**	73,310
Receipt from lease receivable		**–**	893
Placement of pledged deposits		**(2,830)**	(13,522)
Withdrawal of pledged deposits		**12,968**	–
Placement of deposits with an original maturity of more than three months		**(2,400)**	(25,000)
Withdrawal of deposits with an original maturity of more than three months		**25,000**	–
Interest received		**1,104**	431
Net cash generated from investing activities		**31,180**	66,751

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2022

	Notes	**2022 HK$'000**	2021 HK$'000
Cash flows from financing activities	*28*		
Settlement of lease liabilities		**(8,462)**	(15,677)
Proceed from bank borrowing		**–**	7,190
Repayment of bank borrowing		**–**	(10,116)
Interest paid		**(394)**	(671)
Net cash used in financing activities		**(8,856)**	(19,274)
Net increase in cash and cash equivalents		**14,678**	7,111
Cash and cash equivalents at beginning of year		**51,549**	44,124
Effect of foreign exchange rate changes		**17**	314
Cash and cash equivalents at end of year	*19*	**66,244**	51,549
Analysis of balances of cash and cash equivalents			
Cash and cash equivalents with an original maturity of three months or less:			
Cash deposits in banks and financial institutions		**12,200**	21,632
Short-term deposits in banks		**54,044**	29,917
	19	**66,244**	51,549

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, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company and its subsidiaries (the "Group") is located at 8/F., Guangdong Finance Building, 88 Connaught Road West, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The principal activity of the Company is investment holding. The principal activities of the Company's subsidiaries are set out in note 27 to the consolidated financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation and going concern assumption

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The consolidated financial statements also include the required disclosure of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Stock Exchange.

The significant accounting policies that have been used in the preparation of the consolidated financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated. The adoption of new and revised HKFRSs and the impacts on the consolidated financial statements, if any, are disclosed in note 3.

The consolidated financial statements have been prepared under the historical cost basis except for financial assets and financial liabilities at fair value through profit or loss which are stated at fair values. The measurement bases are fully described in the accounting policies below.

It should be noted that accounting estimates and assumptions are used in preparation of the consolidated financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 4.

Since 2020, precautionary and control measures against Coronavirus Disease 2019 ("COVID-19") have been implemented in various countries. These measures include border restrictions and quarantine measures over international travel and have created unprecedented pressure for travel industry. As a result, the Group recorded a loss of approximately HK$17,923,000 and net operating cash outflows of approximately HK$7,646,000 for the year ended 31 March 2022.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation and going concern assumption *(Continued)*

For the purpose of assessing the appropriateness of the use of the going concern basis, the Company's directors have reviewed the Group's cash flow projections prepared by the management covering a period of not less than twelve months from 31 March 2022. Based on the different possible outcomes of the evolution of the COVID-19 pandemic and future development of the travel agency industry, management has prepared the projections, 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, vaccination requirements, and the successful implementation of the aforementioned measures on liquidity. Accordingly, the directors considered that it is appropriate to prepare the Group's consolidated 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 consolidated financial statements.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the dates of acquisition or up to the dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive processes and whether the acquired set has the ability to produce outputs. The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Group's previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss. The Group may elect, on a transaction-by-transaction basis, to measure the non-controlling interests that represent present ownership interests in the subsidiary either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

Any contingent consideration to be transferred by the acquirer is recognised at acquisition-date fair value. Subsequent adjustments to consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 Basis of consolidation *(Continued)*

Subsequent to acquisition, the carrying amount of non-controlling interests that represent present ownership interests in the subsidiary is the amount of those interests at initial recognition plus such non-controlling interest's share of subsequent changes in equity. Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to such non-controlling interests even if this results in those non-controlling interests having a deficit balance.

Changes in the Group's interests in a subsidiary that do not result in a loss of control of the subsidiary are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the gain or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest; and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for on the same basis as would be required if the relevant assets or liabilities were disposed of.

2.3 Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: (i) power over the investee, (ii) exposure, or rights, to variable returns from the investee, and (iii) the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

2.4 Foreign currency translation

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is the same as the functional currency of the Company.

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. At the reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from retranslation of monetary assets and liabilities at the end of reporting period are recognised in profit or loss. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined and are reported as part of the fair value gain or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

On consolidation, income and expense items of foreign operations are translated into the presentation currency of the Group (i.e. HK$) at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the rates approximating to those ruling when the transactions took place are used. All assets and liabilities of foreign operations are translated at the rate ruling at the end of reporting period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity as foreign exchange reserve (attributed to non-controlling interests as appropriate). Exchange differences recognised in profit or loss of group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the foreign operation concerned are reclassified to other comprehensive income and accumulated in equity as foreign exchange reserve.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.4 Foreign currency translation *(Continued)*

On disposal of a foreign operation, the cumulative exchange differences recognised in the foreign exchange reserve relating to that operation up to the date of disposal are reclassified to profit or loss as part of the profit or loss on disposal.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of reporting period. Exchange differences arising are recognised in the foreign exchange reserve.

2.5 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as an expense in profit or loss during the financial period in which they are incurred.

Depreciation on property, plant and equipment is provided to write off their cost over their estimated useful lives, using the straight-line basis, at the following rates per annum:

Leasehold improvements	The shorter of the lease terms and 20%-50%
Office equipment	33.33% – 50%
Furniture and fixtures	20% – 50%
Motor vehicle	33.33%
Leasehold land and buildings	Over the lease terms

The assets' useful lives, depreciation methods and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period.

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in profit or loss on disposal.

2.6 Impairment of non-financial assets

Property, plant and equipment and interests in subsidiaries are subject to an impairment test and are tested for impairment whenever there are indications that the asset's carrying amount may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value less costs of disposal and value in use.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash-generating unit). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.6 Impairment of non-financial assets *(Continued)*

Impairment loss is charged pro rata to the assets in the cash-generating unit, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable), whichever is the higher.

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Value in use is based on the estimated future cash flows expected to be derived from the asset or cash-generating unit, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

2.7 Revenue recognition

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding those amounts collected on behalf of third parties. Revenue excludes value added taxes or other sales taxes and is after deduction of any trade discounts.

Depending on the terms of the contract and the laws that apply to the contract, control of the goods or service may be transferred over time or at a point in time. Control of the goods or service is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods or services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods or service.

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amounts receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. For contracts where the period between the payment and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

Determining whether the Group is acting as a principal or as an agent requires consideration of all relevant facts and circumstances, including whether (1) the nature of its promise is a performance obligation to provide the specified goods or services itself or to arrange for the other party to provide those goods or services; (2) the Group retains the inventory risk before and after the customer orders, during the provision of services or on return; (3) the Group has latitude in establishing prices; and (4) the Group is primarily responsible for fulfilling the promise to provide the specified goods or services. The Group recognises revenue on gross basis if the Group is acting as a principal; and on a net basis if the Group is acting as an agent in the relevant transactions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.7 Revenue recognition *(Continued)*

(i) Provision of services relating to sales of air tickets, hotel accommodation and other travel/ wedding related products

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

For walk-in customers, a sales deposit based on certain proportion of the total product cost may be received from customers. A full payment is required before provision of services. For corporate customers, invoices are usually payable upon delivery or within 30 days.

(ii) Sales of package tours

Revenue from sales of 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 on a possible termination of the sales contract, it would not have to substantially re-perform the work already completed by the Group.

In addition, 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.

A full payment is required before provision of services.

(iii) Customer loyalty program

Under the Group's customer loyalty program, the customers who are the members of the customer loyalty program are granted points upon certain purchases, which provides a material right to the customers and gives rise to a separate performance obligation. Portion of the transaction price needs to be allocated to such option with such an amount being recognised as revenue when the additional goods or services are transferred to the customer, or when the option expires.

Provision of services that result in award points for customers, under the Group's customer loyalty programme, are accounted for as multiple element revenue transactions and the fair value of the consideration received or receivable is allocated between the goods or services supplied and the award points granted. Revenue is not recognised at the time of the initial sale transaction but is deferred and recognised as revenue when the points are redeemed and the Group's obligations have been fulfilled.

Accumulated experience is used to estimate the forfeiture of award points as breakage. The expected breakage amount is recognised as revenue in proportion to the pattern of rights exercised by the customers or when the likelihood of the customer exercising its rights becomes remote.

(iv) Sales of frozen food and groceries

Revenue from sales of frozen food and groceries is recognised at a point in time when the goods are delivered to and have been accepted by the customers.

A full payment is required upon transfer of goods.

(v) Sales of food and beverage

Revenue from sales of food and beverage is recognised at a point in time when the food and beverage have been served, and customer payments are generally due at the time of sale.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.8 Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets (including property, plant and equipment) are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable and are recognised as other income and gains, rather than reducing the related expense.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

2.9 Contract liabilities

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays the consideration before the Group transfers goods or services to the customers, a contract liability is recognised when the payment is made or the payment is due (whenever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

2.10 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the first-in, first-out method. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and costs necessary to make the sale.

2.11 Financial Instruments

(i) Financial assets

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place.

Financial assets with embedded derivatives are considered in their entirely when determining whether their cash flows are solely payment of principal and interest.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.11 Financial Instruments *(Continued)*

(i) Financial assets *(Continued)*

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at 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.

Fair value through other comprehensive income: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income. Debt investments at fair value through other comprehensive income are subsequently measured at fair value. Interest income calculated using the effective interest rate method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Fair value through profit or loss: Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through other comprehensive income, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Equity instruments

On initial recognition of an equity investment that is not held for trading, the Group could irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Equity investments at fair value through other comprehensive income are measured at fair value. Dividend income are recognised in profit or loss unless the dividend income clearly represents a recovery of part of the cost of the investments. Other net gains and losses are recognised in other comprehensive income and are not reclassified to profit or loss. All other equity instruments are classified as fair value through profit or loss, whereby changes in fair value, dividends and interest income are recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.11 Financial Instruments *(Continued)*

(ii) Impairment loss on financial assets

The Group recognises loss allowances for expected credit loss ("ECL") on trade receivables and financial assets measured at amortised cost. The ECLs are measured on either of the following bases: (1) 12-month ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group measured loss allowances for trade receivables using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets, the ECLs are based on the lifetime ECLs except when there has not been a significant increase in credit risk since initial recognition, in which case the allowance will be based on 12-month ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to action such as realising security (if any is held); or the financial asset is more than 90 days past due.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

The Group considers a financial asset to be credit-impaired when:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.11 Financial Instruments *(Continued)*

(ii) Impairment loss on financial assets *(Continued)*

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non-credit-impaired financial assets, interest income is calculated based on the gross carrying amount.

(iii) Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at fair value through profit or loss are initially measured at fair value and financial liabilities at amortised cost are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in profit or loss.

Where a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as a financial liability at fair value through profit or loss, except where the embedded derivative does not significantly modify the cash flows or it is clear that separation of the embedded derivative is prohibited.

Financial liabilities may be designated upon initial recognition as at fair value through profit or loss if the following criteria are met: (i) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the liabilities or recognising gains or losses on them on a different basis; (ii) the liabilities are part of a group of financial liabilities which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management strategy; or (iii) the financial liability contains an embedded derivative that would need to be separately recorded.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value, with changes in fair value recognised in profit or loss in the period in which they arise, except for the gains and losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the consolidated statement of profit or loss. The net fair value gain or loss recognised in the consolidated statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities at amortised cost

Financial liabilities at amortised cost including trade and other payables are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.11 Financial Instruments *(Continued)*

(iv) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(v) Financial guarantee contract

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract issued by the Group and not designated as at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contact at the higher of: (i) the amount of the loss allowance, being the ECL provision measured in accordance with principles of the accounting policy set out in note 2.11(ii); and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the principles of HKFRS 15.

(vi) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

Where the Group issues its own equity instruments to a creditor to settle a financial liability in whole or in part as a result of renegotiating the terms of that liability, the equity instruments issued are the consideration paid and are recognised initially and measured at their fair value on the date the financial liability or part thereof is extinguished. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments are measured to reflect the fair value of the financial liability extinguished. The difference between the carrying amount of the financial liability or part thereof extinguished and the consideration paid is recognised in profit or loss for the year.

2.12 Cash and cash equivalents

Cash and cash equivalents include cash at banks and cash in hand, demand deposits with banks and short-term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. For the purpose of the consolidated statement of cash flows presentation, cash and cash equivalents include bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.13 Accounting for income taxes

Income tax comprises current and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income tax.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for initial recognition of assets and liabilities that are not part of the business combination which affect neither accounting nor taxable profits, and taxable temporary differences arising on investments in subsidiaries and associates where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future, deferred tax liabilities are recognised for all temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised, provided that the deductible temporary differences are not arises from initial recognition of assets and liabilities in a transaction other than in a business combination that affects neither taxable profit nor the accounting profit. Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realised or settled and that have been enacted or substantively enacted at the end of reporting period, and reflects any uncertainty related to income taxes. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income tax levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income or when they relate to items recognised directly in equity in which case the taxes are also recognised directly in equity.

2.14 Share capital

Ordinary shares are classified as equity. Share capital is determined using the nominal value of the total shares that have been issued.

Any transaction costs associated with the issuing of shares are deducted from the proceeds (net of any related income tax benefits) to the extent they are incremental costs directly attributable to the equity transaction.

2.15 Provisions and contingent liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation. All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Where it is improbable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future uncertain events not wholly within the control of the Group are also disclosed as contingent liabilities unless the probability of outflow of the economic benefits is remote.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.16 Leasing

Accounting as a lessee

All leases are required to be capitalised in the consolidated statement of financial position as right-of-use assets and lease liabilities, but accounting policy choices exist for an entity to choose not to capitalise (i) leases which are short-term leases; and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets and leases for which at the commencement date have a lease term of less than 12 months. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

Right-of-use asset

The right-of-use asset is initially recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee; and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The Group measures the right-of-use assets at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability.

Lease liability

The lease liability is recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

The following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed payments less any lease incentives receivable; (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to the commencement date, the Group measures the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modification, or to reflect revised in-substance fixed lease payments.

Lease modification

When the Group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged. In both cases, an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.16 Leasing *(Continued)*

Lease modification *(Continued)*

When the Group renegotiates the contractual terms of a lease with the lessor, if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease, in all other cases, where the renegotiated increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount. With the exception to which the practical expedient for COVID-19-related rent concessions applies, if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date and the right-of-use asset is adjusted by the same amount.

Accounting as a lessor

The Group has sub-leased a right-of-use asset to a number of tenants. Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on the straight-line basis over the lease term.

When the Group is an intermediate lessor, the subleases are classified as finance lease or as an operating lease with reference to the right-of-use asset arising from the head lease, instead of by reference to the underlying asset.

2.17 Retirement benefit costs and short-term employee benefits

Defined contribution plan

The Group operates a defined contribution retirement benefit plan (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the laws of Hong Kong), for all of its employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme, except for the Group's employer voluntary contributions, which are refunded to the Group when the employee leaves employment prior to the contributions vesting fully, in accordance with the rules of the MPF Scheme.

Short-term employee benefits

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

Termination benefits

Termination benefits are recognised on the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.18 Share-based payments

Where share options are awarded to employees and others providing similar services, the fair value of the services received is measured by reference to the fair value of the options at the date of grant. Such fair value is recognised in profit or loss over the vesting period with a corresponding increase in the share option reserve within equity. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at the end of each reporting period so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all non-market vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also recognised in profit or loss over the remaining vesting period.

Where the options are forfeited prior to the vesting date due to a failure by the employee to satisfy the service conditions, any expenses previously recognised in relation to such options are reversed on the effective date of the forfeiture. No further adjustments should be made after the vesting date, regardless of whether the options are forfeited later.

2.19 Related parties

(a) A person or a close member of that person's family is related to the Group if that person:

- (i) has control or joint control over the Company;
- (ii) has significant influence over the Company; or
- (iii) is a member of key management personnel of the Company or the Company's parent.

(b) An entity is related to the Group if any of the following conditions apply:

- (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the Company's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- (i) that person's children and spouse or domestic partner;
- (ii) children of that person's spouse or domestic partner; and
- (iii) dependents of that person or that person's spouse or domestic partner.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.20 Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined following the Group's major operations.

The measurement policies the Group uses for reporting segment results under HKFRS 8 are the same as those used in its financial statements prepared under HKFRSs, except that:

(a) income tax; and
(b) corporate income and expenses which are not directly attributable to the business activities of any operating segment;

are not included in arriving at the operating results of the operating segment.

Corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment, which primarily applies to the Group's headquarter.

Segment liabilities exclude corporate liabilities which are not directly attributable to the business activities of any operating segment and are not allocated to a segment. These include deferred tax liabilities attributable to lease liabilities for the Group's headquarter.

2.21 Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. The Group discontinues the use of the equity method from the date when the investment ceases to be an associate.

Associates are accounted for using the equity method whereby they are initially recognised at cost and thereafter, their carrying amount are adjusted for the Group's share of the post-acquisition change in the associates' net assets except that losses in excess of the Group's interest in the associate are not recognised unless there is an obligation to make good those losses.

Profits and losses arising on transactions between the Group and its associates are recognised only to the extent of unrelated investors' interests in the associate. The investor's share in the associate's profits and losses resulting from these transactions are eliminated against the carrying value of the associate. Where unrealised losses provide evidence of impairment of the asset transferred they are recognised immediately in profit or loss.

2.22 Investment properties

Investment properties are properties held either to earn rentals or for capital appreciation or for both, but not held for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties are measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property, calculated as the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss in the period in which the property is derecognised.

3. ADOPTION OF NEW AND REVISED HKFRSs

(a) Adoption of new and revised HKFRSs – effective 1 April 2021

In the current year, the Group has applied for the first time the following amendments issued by the HKICPA, which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 April 2021.

Amendment to HKFRS 16	COVID-19-Related Rent Concessions
Amendment to HKFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform–Phase 2

Except as disclosed below, the new and amended HKFRSs that are effective from 1 April 2021 did not have any significant impact on the Group's accounting policies.

Amendment to HKFRS 16–COVID-19-Related Rent Concessions
The amendment is issued in June 2020 and is effective for annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted, including interim or annual financial statements not authorised for issue as at 4 June 2020, the date of the amendment is issued.

The amendment introduces a new practical expedient for lessees to elect not to assess whether a COVID-19-related rent concessions is a lease modification. The practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 that meets all of the following conditions:

(a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
(b) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
(c) there is no substantive change to other terms and conditions of the lease.

A lease applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying HKFRS 16 if the changes were not lease modifications. Forgiveness or waiver of lease payments are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognised in the profit or loss in the period in which the event occurs.

Amendment to HKFRS 16–COVID-19-Related Rent Concessions beyond 30 June 2021
The 2021 Amendment to HKFRS 16 extends the availability of the practical expedient in paragraph 46A of HKFRS 16 so that it applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met.

The application has had no impact to the opening retained profits at 1 April 2021. During the year, certain lessors agreed to reduce lease payments on several leases. The Group has derecognised the part of lease liabilities that have been extinguished using the discount rates originally applied to these leases respectively, resulted in a decrease in lease liabilities of HK$506,000, which have been recognised as negative variable lease payments in profit or loss for the current year. Details of which are included in note 5(c) of the consolidated financial statements.

Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16–Interest Rate Benchmark Reform–Phase 2
The amendments address issues that might affect financial reporting when a company replaces the old interest rate benchmark with an alternative benchmark rate as a result of the interest rate benchmark reform (the "Reform"). The amendments complement those issued in November 2019 and relate to (a) changes to contractual cash flows in which an entity will not have to derecognise or adjust the carrying amount of financial instruments for changes required by the Reform, but will instead update the effective interest rate to reflect the change to the alternative benchmark rate; (b) hedge accounting in which an entity will not have to discontinue its hedge accounting solely because it makes changes required by the Reform, if the hedge meets other hedge accounting criteria; and (c) disclosures in which an entity will be required to disclose information about new risks arising from the Reform and how it manages the transition to alternative benchmark rates.

3. ADOPTION OF NEW AND REVISED HKFRSs *(Continued)*

(b) New and revised HKFRSs that have been issued but are not yet effective

The following new and revised HKFRSs, potentially relevant to the Group's consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to HKAS 16	Proceeds before Intended Use[1]
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract[1]
Amendments to HKFRS 9	Annual Improvements to HKFRSs 2018-2020[1]
Amendments to HKFRS 16	Annual Improvements to HKFRSs 2018-2020[1]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[2]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[2]
Amendments to HKAS 8	Definition of Accounting Estimates[2]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[2]
Amendments to HKFRS 3	Reference to the Conceptual Framework[1]

1 Effective for annual periods beginning on or after 1 January 2022
2 Effective for annual periods beginning on or after 1 January 2023

Amendments to HKAS 16–Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, the proceeds from selling such items, and the cost of producing those items, is recognised in profit or loss.

Amendments to HKAS 37–Onerous Contracts – Cost of Fulfilling a Contract

The amendments specify that the "cost of fulfilling a contract" comprises the "costs that relate directly to the contract". Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (e.g. direct labour and materials) or an allocation of other costs that relate directly to fulfilling contracts (e.g. the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

Amendments to HKFRS 9–Annual Improvements to HKFRSs 2018-2020

The amendments clarify the fees included in the "10 per cent" test in paragraph B3.3.6 of HKFRS 9 in assessing whether to derecognise a financial liability, explaining that only fees paid or received between the entity and the lender, including fees paid or received by either the entity or the lender on other's behalf are included.

Amendments to HKFRS 16–Annual Improvements to HKFRSs 2018-2020

The amendments amend Illustrative Example 13 to remove the illustration of reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

Amendments to HKAS 1–Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability and explain that rights are in existence if covenants are complied with at the end of the reporting period. The amendments also introduce a definition of'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

HK Int 5 (2020) was revised as a consequence of the Amendments to HKAS 1 issued in August 2020. The revision to HK Int 5 (2020) updates the wordings in the interpretation to align with the Amendments to HKAS 1 with no change in conclusion and do not change the existing requirements.

3. ADOPTION OF NEW AND REVISED HKFRSs *(Continued)*

(b) New and revised HKFRSs that have been issued but are not yet effective *(Continued)*

Amendments to HKAS 1 and HKFRS Practice Statement 2–Disclosure of Accounting Policies

The amendments to Disclosure of Accounting Policies were issued following feedback that more guidance was needed to help companies decide what accounting policy information should be disclosed. The amendments to HKAS 1 require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendments to HKFRS Practice Statement 2 provide guidance on how to apply the concept of materiality to accounting policy disclosures.

Amendments to HKAS 8–Definition of Accounting Estimates

The amendments to HKAS 8 clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. That distinction is important because changes in accounting estimates are applied prospectively only to future transactions and other future events, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events.

Amendments to HKAS 12–Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities.

The amendment should be applied to transactions that occurs on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

- right-of-use assets and lease liabilities; and
- decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets.

The cumulative effect of recognising these adjustments is recognised in retained earnings/accumulated losses, or another component of equity, as appropriate.

Amendments to HKFRS 3–Reference to the Conceptual Framework

The amendments update HKFRS 3 so that it refers to the revised Conceptual Framework for Financial Reporting 2018 instead of the version issued in 2010. The amendments add to HKFRS 3 a requirement that, for obligations within the scope of HKAS 37, an acquirer applies HKAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of HK(IFRIC)-Int 21 Levies, the acquirer applies HK(IFRIC)-Int 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. The amendments also add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The directors of the Company anticipate that the adoption of these new and amendments to HKFRSs will have no material impact on the consolidated financial statements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal to the related actual results. The critical judgement in applying accounting policies and estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Depreciation

The Group depreciates the property, plant and equipment in accordance with the accounting policies stated in note 2.5 above. The estimated useful lives reflect the directors' estimate of the periods that the Group intends to derive future economic benefits from the use of these assets.

(ii) Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of the reporting period. They are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, discounted cash flow projections and sales forecast are prepared by management with major assumptions such as gross profit, the length of time which the impact of COVID-19 may continue and the speed of recovery.

(iii) Revenue recognition

The Group assesses its business relationships with customers and determines that it is acting as an agent in the majority of transactions relating to provision of services relating to sales of air-tickets, hotel accommodation and other travel/wedding related products, and accordingly to report those revenue on a net basis.

(iv) Fair value measurement

A number of assets and liabilities included in the Group's consolidated financial statements require measurement at, and/or disclosure of, fair value.

The fair value measurement of the Group's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the'fair value hierarchy'):

- Level 1: Quoted prices in active markets for identical items (unadjusted);
- Level 2: Observable direct or indirect inputs other than Level 1 inputs;
- Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

The Group measures financial assets/liabilities at fair value through profit or loss (note 17) at fair value.

For more detailed information in relation to the fair value measurement of the items above, please refer to the applicable notes.

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

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

	2022 HK$'000	2021 HK$'000
Revenue from contracts with customers within the scope of HKFRS 15:		
Provision of services relating to sales of travel/wedding related products *(note a)*	**6,959**	5,086
Sales of package tours *(note a)*	**1,271**	821
Sales of frozen food and groceries *(note a)*	**217**	209
Sales of food and beverage *(note a)*	**1,831**	–
	10,278	6,116
Revenue from other source		
Rental income from investment properties	**–**	307
	10,278	6,423
Other income and gains		
Interest income on deposits in banks and financial institutions measured at amortised cost	**1,104**	431
Dividend income from listed securities	**30**	32
Exchange gains	**1,065**	–
Financial income on the net investment in a sub-lease agreement	**–**	12
Sponsorship and joint advertising income	**33**	791
Government grants *(note b)*	**4,118**	19,743
COVID-19 related rent concession *(note c)*	**506**	–
Gain on lease modifications	**170**	4,822
Gain on disposal of property, plant and equipment	**154**	3,801
Gain on disposal of investment properties	**–**	2,000
Sundry income	**768**	2,756
	7,948	34,388

5. REVENUE, OTHER INCOME AND GAINS, AND SEGMENT INFORMATION *(Continued)*

Notes:

(a) Customer sales proceeds

	2022 HK$'000	2021 HK$'000
Gross sales proceeds related to provision of services relating to sales of travel/wedding related products*	**45,156**	30,345
Sales of package tours	**1,271**	821
Sales of frozen food and groceries	**217**	209
Sales of food and beverage	**1,831**	–
Total customer sales proceeds	**48,475**	31,375

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

(b) Government grants

Included in profit or loss for the year ended 31 March 2021 was HK$15,357,000 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.

During the year ended 31 March 2022, HK$4,071,000 (2021: HK$4,359,000) of government grants relating to one-off subsidy for the purpose of giving immediate financial support and cash incentives for travel agents are included in profit of loss.

(c) COVID-19 related rent concession

The Group has applied the practical expedient to all rent concessions occurring as a direct consequence of the COVID-19 pandemic. All of the rent concessions granted during the year satisfy the criteria to apply the practical expedient. The application of the practical expedient has resulted in the reduction of total lease liabilities of HK$506,000. The effect of this reduction has been recorded in profit or loss as negative variable lease payments in the period in which the event or condition that triggers those payments occurs.

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

	2022 HK$'000	2021 HK$'000
Trade receivables *(note 15)*	**253**	40
Contract liabilities *(note 22)*	**4,404**	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, frozen food and groceries, food and beverage services that had an original expected duration of one year or less.

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

(Continued)

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		Food and beverage business		Others		Total	
	2022 HK$'000	2021 HK$'000	2022 HK$'000	2021 HK$'000	2022 HK$'000	2021 HK$'000	2022 HK$'000	2021 HK$'000
Geographical markets								
Hong Kong	8,216	5,907	1,831	–	217	209	10,264	6,116
The People's Republic of China (the "PRC") excluding Hong Kong	14	–	–	–	–	–	14	–
	8,230	5,907	1,831	–	217	209	10,278	6,116
Major service lines								
Provision of services relating sales of travel/wedding related products	6,959	5,086	–	–	–	–	6,959	5,086
Sales of package tours	1,271	821	–	–	–	–	1,271	821
Sales of frozen food and groceries	–	–	–	–	217	209	217	209
Sales of food and beverage	–	–	1,831	–	–	–	1,831	–
	8,230	5,907	1,831	–	217	209	10,278	6,116
Timing of revenue recognition								
At a point in time	6,959	5,086	1,831	–	217	209	9,007	5,295
Transferred over time	1,271	821	–	–	–	–	1,271	821
	8,230	5,907	1,831	–	217	209	10,278	6,116

5. REVENUE, OTHER INCOME AND GAINS, AND SEGMENT INFORMATION *(Continued)*

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.

During the year ended 31 March 2022, the Group has reorganised its internal reporting structure. Accordingly, the comparative segment information has been re-presented to conform to current year's presentation. The Group's operating segments for financial reporting purposes have been reorganised as (i) Travel and travel/ wedding related business; (ii) Food and beverage business; (iii) Treasury activities; and (iv) Others.

	Travel and travel/ wedding related business		Food and beverage business		Treasury activities		Others		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000 (represented)	HK$'000	HK$'000
Revenue from external customers	8,230	5,907	1,831	–	–	–	217	516	10,278	6,423
Reportable segment revenue	8,230	5,907	1,831	–	–	–	217	516	10,278	6,423
Reportable segment (loss)/profit	(10,165)	(26,482)	(4,774)	–	(804)	(145)	(344)	46	(16,087)	(26,581)
Interest income	215	375	–	–	828	56	–	–	1,043	431
Changes in fair value of investment properties	–	–	–	–	–	–	–	(2,189)	–	(2,189)
Gain on disposal of investment properties	–	–	–	–	–	–	–	2,000	–	2,000
Finance costs	(320)	(632)	(74)	–	–	(3)	–	(36)	(394)	(671)
Dividend income	–	–	–	–	30	32	–	–	30	32
Depreciation on property, plant and equipment	(92)	(5,834)	(1,141)	–	–	–	(67)	(174)	(1,300)	(6,008)
Impairment loss on property, plant and equipment	(122)	(11,239)	(2,950)	–	–	–	–	–	(3,072)	(11,239)
Written off of prepayments, deposits and other receivables	(1,435)	–	–	–	–	–	–	–	(1,435)	–
Fair value (loss)/gain on financial assets/liabilities at fair value through profit or loss	–	–	–	–	(1,307)	642	–	–	(1,307)	642
Loss on disposal of a subsidiary	–	–	–	–	–	–	–	(2,838)	–	(2,838)
Reportable segment assets	16,764	88,462	3,324	–	46,696	22,461	133	1,026	66,917	111,949
Additions to non-current segment assets during the year	751	11,519	6,441	–	–	–	–	440	7,192	11,959
Reportable segment liabilities	24,899	33,705	3,819	–	19	43	22	135	28,759	33,883

5. REVENUE, OTHER INCOME AND GAINS, AND SEGMENT INFORMATION *(Continued)*

Segment information *(Continued)*

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

	2022 HK$'000	2021 HK$'000
Reportable segment revenue	**10,278**	6,423
Group revenue	**10,278**	6,423
Reportable segment loss	**(16,087)**	(26,581)
Share of losses of associates	**–**	(828)
Other corporate expenses	**(2,050)**	(5,716)
Loss before income tax	**(18,137)**	(33,125)
Reportable segment assets	**66,917**	111,949
Other corporate assets	**23,070**	671
Group assets	**89,987**	112,620
Reportable segment liabilities	**28,759**	33,883
Other corporate liabilities	**70**	280
Group liabilities	**28,829**	34,163

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

	Revenue from external customers		**Non-current assets**	
	2022 HK$'000	2021 HK$'000	**2022 HK$'000**	2021 HK$'000
Hong Kong (domicile)	**10,264**	6,423	**3,098**	210
The PRC excluding Hong Kong	**14**	–	**–**	16
	10,278	6,423	**3,098**	226

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

Most of the revenue of the Group are derived from Hong Kong. The Group has a large number of customers, and no significant revenue was derived from specific external customers for the years ended 31 March 2021 and 2022.

6. LOSS FROM OPERATIONS

	2022 HK$'000	2021 HK$'000
Loss from operations is arrived at after charging/(crediting):		
Auditor's remuneration	**500**	515
Depreciation of property, plant and equipment: *(note 12)*		
– owned property, plant and equipment*	**466**	1,736
– right-of-use assets included within:**		
– office equipment	**–**	256
– leasehold land and buildings	**–**	142
– other properties leased for own use	**834**	3,874
	1,300	6,008
(Gain)/loss on disposal of property, plant and equipment:		
– owned property, plant and equipment	**(105)**	29
– right-of-use assets included within:		
– leasehold land and buildings	**–**	(3,830)
– other properties leased for own use	**(49)**	–
	(154)	(3,801)
Gain on disposal of investment properties	**–**	(2,000)
Loss on disposal of an associate	**–**	3,527
Loss on disposal of a subsidiary	**–**	2,838
Impairment losses on property, plant and equipment: *(note 12)*		
– owned property, plant and equipment	**1,475**	1,165
– right-of-use assets included within:		
– office equipment	**–**	448
– other properties leased for own use	**1,597**	9,626
	3,072	11,239
Written off of prepayments, deposits and other receivables	**1,435**	–
Net foreign exchange (gain)/loss	**(1,065)**	118
Direct operating expenses arising from investment properties that did not generate rental income during the year	**–**	6
Short-term leases expenses	**225**	946
Variable lease payments not included in the measurement of lease liabilities	**60**	50
Staff costs (excluding directors' remuneration *(note 11)*):		
– Salaries and other benefits	**13,009**	31,070
– Share-based payments	**585**	–
– Retirement scheme contribution	**539**	1,441
	14,133	32,511

* Depreciation expenses of owned property, plant and equipment have been included in:
- cost of sales of approximately HK$307,000 (2021: Nil) for the year;
- selling and distribution costs of approximately HK$67,000 (2021: HK$28,000) for the year; and
- administrative expenses of approximately HK$92,000 (2021: HK$1,708,000) for the year.

** Depreciation expenses of right-of-use assets have been included in:
- cost of sales of HK$715,000 (2021: Nil) for the year; and
- administrative expenses of approximately HK$119,000 (2021: HK$4,272,000) for the year.

7. FINANCE COSTS

	2022 HK$'000	2021 HK$'000
Interest on bank borrowings	–	39
Interest on lease liabilities	394	632
	394	671

8. INCOME TAX CREDIT AND DEFERRED TAX

(i) The amounts of income tax in the consolidated statement of comprehensive income represent:

	2022 HK$'000	2021 HK$'000
Current tax–Hong Kong		
– Over provision in respect of prior years	(214)	(182)
Deferred tax *(note 8(ii))*	–	(51)
	(214)	(233)

Reconciliation between income tax credit and accounting loss at the applicable tax rates is as follows:

	2022 HK$'000	2021 HK$'000
Loss before income tax	(18,137)	(33,125)
Tax calculated at the rates applicable to loss in the tax jurisdictions concerned	(2,965)	(5,554)
Tax effect of non-deductible items	792	3,518
Tax effect of non-taxable items	(2,045)	(4,115)
Tax losses utilised for the year	(93)	(1)
Tax effect of tax losses not recognised	4,312	6,107
Over provision in respect of prior years	(214)	(182)
Effect of tax reduction	(1)	(6)
Income tax credit	(214)	(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 years ended 31 March 2022 and 2021.

Hong Kong profits tax is calculated at 16.5% on the estimated assessable profits for the years ended 31 March 2022 and 2021, except for one subsidiary of the Company 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.

Subsidiary of the Company established in the PRC is subjected to PRC enterprise income tax at 25%. No PRC enterprise income tax has been provided as the Group did not generate any assessable profits in the PRC during the years ended 31 March 2022 and 2021.

8. INCOME TAX CREDIT AND DEFERRED TAX *(Continued)*

(ii) Details of the deferred tax liabilities recognised and movements during the years are as follows:

	Accelerated tax depreciation HK$'000
At 1 April 2020	51
Credited to profit or loss for the year *(note 8(i))*	(51)
At 31 March 2021, 1 April 2021 and 31 March 2022	–

As at 31 March 2022, the Group has estimated unused tax losses of approximately HK$147,335,000 (2021: HK$122,269,000) which were available for offset against future profits. No deferred tax asset has been recognised in respect of the estimated tax losses due to the unpredictability of future profit streams. The amount of tax losses of approximately HK$146,180,000 (2021: HK$121,434,000) have no expiry date and HK$1,155,000 (2021: HK$835,000) are subject to expiry period of five years.

9. DIVIDENDS

The directors do not recommend the payment of any dividend for the year ended 31 March 2022 (2021: Nil).

10. LOSS PER SHARE

The calculation of basic loss per share is based on the loss for the year attributable to owners of the Company of approximately HK$17,921,000 (2021: HK$32,890,000) and 509,859,000 (2021: 509,859,000) weighted average number of ordinary shares in issue during the year.

No diluted loss per share is presented for the year ended 31 March 2021 as there was no potential ordinary share issued during the year. The computation of diluted loss per share does not assume the exercise of the Company's share options for the year ended 31 March 2022 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.

11. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

(i) Directors' emoluments

The emoluments paid or payable to the directors, the chief executive and the senior management were as follows:

	Fees HK$'000	Salaries, allowances and other benefits HK$'000	Share-based payment *(note a)* HK$'000	Retirement scheme contribution HK$'000	Total HK$'000
2022					
Executive directors					
Mr. Ko Wai Ming, Daniel	**–**	**58**	**11**	**3**	**72**
Ms. Cheng Hang Fan	**–**	**206**	**11**	**10**	**227**
	–	**264**	**22**	**13**	**299**
Independent non-executive directors					
Mr. Yung Ha Kuk, Victor	**144**	**–**	**–**	**–**	**144**
Mr. Mak King Sau	**120**	**–**	**–**	**–**	**120**
Mr. Chau Kwok Wing, Kelvin (note b)	**74**	**–**	**–**	**–**	**74**
Mr. Szeto Chi Man (note c)	**46**	**–**	**–**	**–**	**46**
	384	**–**	**–**	**–**	**384**
	384	**264**	**22**	**13**	**683**
2021					
Executive directors					
Mr. Ko Wai Ming, Daniel	–	80	–	4	84
Ms. Cheng Hang Fan	–	397	–	16	413
	–	477	–	20	497
Independent non-executive directors					
Mr. Yung Ha Kuk, Victor	144	–	–	–	144
Mr. Szeto Chi Man	120	–	–	–	120
Mr. Mak King Sau	120	–	–	–	120
	384	–	–	–	384
	384	477	–	20	881

Notes:

(a) These amounts represent the estimated value of share options granted to the directors under the Company's share option scheme. The value of these share options is measured according to the accounting policies for share-based payments as set out in note 2.18 to the consolidated financial statements. Further details of the options granted are set out in note 26 to the consolidated financial statements.

(b) Mr. Chau Kwok Wing, Kelvin appointed as an independent non-executive director of the Company with effect from 18 August 2021.

(c) Mr. Szeto Chi Man retired as an independent non-executive director of the Company with effect from 18 August 2021.

11. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS *(Continued)*

(ii) Five highest paid individuals

The five highest paid individuals of the Group during the year are analysed as follows:

	2022 Number of individuals	2021 Number of individuals
Directors	**–**	1
Non-director, highest paid individuals	**5**	4
	5	5

Details of the remuneration of the above non-director, highest paid individuals during the year are as follows:

	2022 HK$'000	2021 HK$'000
Salaries, allowances and other benefits	**2,277**	1,857
Retirement scheme contribution	**84**	58
	2,361	1,915

Their emoluments fell within the following emolument band:

	2022 Number of individuals	2021 Number of individuals
Nil–HK$1,000,000	**5**	4

During the year, no emoluments were paid by the Group to any directors or any of the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office. There were no arrangements under which a director waived or agreed to waive any emolument during the year.

The emoluments paid or payable to members of senior management excluding directors were within the following band:

	2022 Number of individuals	2021 Number of individuals
Nil–HK$1,000,000	**1**	–

12. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Office equipment HK$'000	Furniture and fixtures HK$'000	Motor vehicle HK$'000	Leasehold land and buildings HK$'000	Other properties leased for own use HK$'000	Total HK$'000
At 31 March 2020							
Cost	10,409	23,442	1,964	514	20,768	45,553	102,650
Accumulated depreciation and impairment	(9,587)	(21,353)	(1,879)	(514)	(5,668)	(42,931)	(81,932)
Net book amount	822	2,089	85	–	15,100	2,622	20,718
Year ended 31 March 2021							
Opening net book amount	822	2,089	85	–	15,100	2,622	20,718
Additions	667	224	1	–	–	10,878	11,770
Disposals	–	(9)	(38)	–	(14,958)	–	(15,005)
Disposal of a subsidiary	–	(14)	–	–	–	–	(14)
Depreciation	(883)	(1,074)	(35)	–	(142)	(3,874)	(6,008)
Impairment loss	(498)	(1,104)	(11)	–	–	(9,626)	(11,239)
Exchange realignment	–	4	–	–	–	–	4
Closing net book amount	108	116	2	–	–	–	226
At 31 March 2021							
Cost	3,234	21,767	605	514	–	30,074	56,194
Accumulated depreciation and impairment	(3,126)	(21,651)	(603)	(514)	–	(30,074)	(55,968)
Net book amount	108	116	2	–	–	–	226
Year ended 31 March 2022							
Opening net book amount	108	116	2	–	–	–	226
Additions	1,878	375	–	650	–	4,289	7,192
Lease modification	–	–	–	–	–	43	43
Disposals	(69)	(67)	–	–	–	(372)	(508)
Depreciation	(299)	(92)	(2)	(73)	–	(834)	(1,300)
Impairment loss	(905)	(218)	–	(352)	–	(1,597)	(3,072)
Exchange realignment	–	1	–	–	–	–	1
Closing net book amount	713	115	–	225	–	1,529	2,582
At 31 March 2022							
Cost	3,564	22,075	249	650	–	20,345	46,883
Accumulated depreciation and impairment	(2,851)	(21,960)	(249)	(425)	–	(18,816)	(44,301)
Net book amount	713	115	–	225	–	1,529	2,582

12. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

In view of the operating losses of certain subsidiaries and adverse impacts arising from the outbreak of COVID-19, the directors have performed an impairment assessment of the property, plant and equipment of these subsidiaries as at 31 March 2022.

Property, plant and equipment were tested at the level of cash-generating units of travel and travel related business and food and beverage business (2021: travel and travel related business).

The recoverable amounts of the cash-generating units of travel and travel related business were determined to be insignificant based on the value in use calculations covering detailed 18-month (2021: 21-month) budget plans approved by the management and a pre-tax discount rate of 17% (2021: 14%) estimated by the management.

The recoverable amount of the cash-generating unit of food and beverage business was determined to be HK$2,343,000 based on the value in use calculation covering detailed 29-month (2021: not applicable) budget plan approved by the management and a pre-tax discount rate of 16% (2021: not applicable) estimated by the management.

An impairment loss of approximately HK$3,072,000 (2021: HK$11,239,000) was recognised in respect of the property, plant and equipment of these subsidiaries during the year ended 31 March 2022.

13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2022 **HK$'000**	2021 HK$'000
Prepayments	**2,789**	1,863
Deposits	**4,292**	7,176
Other receivables	**1,947**	5,076
	9,028	14,115
Classified as:		
Non-current assets	**1,920**	1,983
Current assets	**7,108**	12,132
	9,028	14,115

The financial assets included in the above balances relate to receivables for which there was no recent history of default. None of these financial assets is either past due or impaired. Further details on the Group's credit policy and credit risk arising from deposits and other receivables are set out in note 30(i).

14. INVENTORIES

The inventories are carried at lower of cost and net realisable value and represent principally tickets and food and beverage which are to be utilised in the ordinary course of operations.

15. TRADE RECEIVABLES

The directors of the Company consider that the fair values of trade receivables are not materially different from their carrying amounts because these balances have short maturity periods on their inception.

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

	2022 HK$'000	2021 HK$'000
0 – 30 days	**169**	29
31 – 90 days	**22**	–
Over 90 days	**62**	11
	253	40

The Group has a policy of allowing customers credit periods normally within 30 days. Overdue balances are reviewed regularly by the Group's management. Further details on the Group's credit policy and credit risk arising from trade receivables are set out in note 30(i).

16. LEASES

As lessee

The Group leases certain properties and office equipment in Hong Kong.

Right-of-use assets

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

	2022 HK$'000	2021 HK$'000
Other properties leased for own use, carried at cost	**1,529**	–
Office equipment, carried at cost	**–**	–
	1,529	–

Lease liabilities

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

	2022		2021	
	Present value of the minimum lease payments HK$'000	**Total minimum lease payments HK$'000**	Present value of the minimum lease payments HK$'000	Total minimum lease payments HK$'000
Within 1 year	**5,564**	**5,770**	8,174	8,492
More than 1 year but less than 2 years	**3,420**	**3,481**	4,275	4,390
More than 2 years but less than 5 years	**622**	**625**	1,963	1,981
	9,606	**9,876**	14,412	14,863
Less: total future interest expenses	**–**	**(270)**	–	(451)
Present value of lease liabilities	**9,606**	**9,606**	14,412	14,412

16. LEASES *(Continued)*

As lessee *(Continued)*

Lease liabilities *(Continued)*

The present value of future lease payments are analysed as:

	2022 HK$'000	2021 HK$'000
Current liabilities	**5,564**	8,174
Non-current liabilities	**4,042**	6,238
	9,606	14,412

17. FINANCIAL ASSETS/LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	2022 HK$'000	2021 HK$'000
Financial assets at fair value through profit or loss:		
Equity securities listed in		
– Hong Kong	**1,285**	4,152
– overseas	**907**	–
Derivative financial instruments		
– Hang Seng Index future contract	**4**	13
– Nasdaq-100 Index future contract	**4**	–
	2,200	4,165
Financial liabilities at fair value through profit or loss:		
Derivative financial instruments		
– Hang Seng Index future contract	**–**	18

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

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

18. PLEDGED DEPOSITS

As at 31 March 2022, pledged deposits of approximately HK$639,000 (2021: HK$3,677,000) and HK$4,375,000 (2021: HK$11,475,000) represented deposits pledged to a broker and banks as securities for derivative financial instruments and banking facilities of the Group. The pledged deposits as at 31 March 2022 carried an interest rate from 1.75% to 2.70% (2021: 0.06% to 2.70%) per annum.

19. TIME DEPOSITS AND CASH AND CASH EQUIVALENTS

	2022 HK$'000	2021 HK$'000
Cash deposits in banks and financial institutions	**12,200**	21,632
Short-term deposits in banks	**56,444**	54,917
	68,644	76,549
Time deposits with an original maturity of more than three months	**(2,400)**	(25,000)
Cash and cash equivalents	**66,244**	51,549

Cash at banks and financial institutions earn interest at floating rates based on daily deposit rates. Short-term deposits in banks are made for varying periods between one week and twelve months (2021: one week and six months) depending on the immediate cash requirements of the Group, and earn interest at respective short-term deposit rates, ranging from 0.25% to 3.55% (2021: from 0.05% to 2.92%) per annum.

The Group had cash and bank balances denominated in RMB of approximately RMB680,000 (2021: RMB273, 000) and the remittance of these funds out of the PRC was subject to the exchange control restrictions imposed by the PRC government.

20. TRADE PAYABLES

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

	2022 HK$'000	2021 HK$'000
0 – 30 days	**841**	558
31 – 90 days	**137**	338
Over 90 days	**3,354**	4,270
	4,332	5,166

The trade payables are short-term and hence the carrying values of the Group's trade payables are considered to be a reasonable approximation of fair value.

21. ACCRUED CHARGES AND OTHER PAYABLES

	2022 HK$'000	2021 HK$'000
Accrued charges	**1,552**	2,901
Other payables	**8,931**	9,348
	10,483	12,249

22. CONTRACT LIABILITIES

	2022 **HK$'000**	2021 HK$'000
Contract liabilities arising from:		
Travel and travel/wedding related business		
– Provision of services relating to sales of travel/wedding related products *(note a)*	**4,145**	1,273
– Sales of package tours *(note b)*	**76**	359
– Customer loyalty programme *(note c)*	**183**	481
	4,404	2,113

Typical payment terms which impact on the amounts of contract liabilities are as follows:

(a) Provision of services relating to sales of travel/wedding related products
The deposit the Group received on sales of travel/wedding related products remains as a contract liability until such time as the booking service of travel/wedding related products are delivered to and accepted by customers.

(b) Sales of package tours
Where discrepancies arise between the payments received in advance from customers and the Group's assessment of the stage of completion, contract liabilities arise.

(c) Customer loyalty programme
The Group grants points upon certain purchases of customers who are the members of the Group's customer loyalty program. The Group determines this offer represents a material right to purchase additional travel related products in the future one year and recognised as a contract liability based on the relative stand-alone price of the performance obligations in the contract. The contract liability recognises as revenue when the customer redeems it for goods or services or when it expires.

As at 31 March 2022, the remaining performance obligations of these contracts are expected to be recognised within one year (2021: one year).

	2022 **HK$'000**	2021 HK$'000
Movement in contract liabilities:		
Balance at beginning of the year	**2,113**	13,661
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	**(1,878)**	(12,311)
Increase in contract liabilities as a result of billing in advance of travel and travel/wedding related business	**3,997**	518
Changes as a result of changes in an estimate of the transaction price	**172**	245
Balance at end of the year	**4,404**	2,113

23. SHARE CAPITAL

	Number of shares '000	Amount HK$'000
Authorised:		
Ordinary shares of HK$0.01 each		
At 1 April 2020, 31 March 2021, 1 April 2021 and 31 March 2022	**2,000,000**	**20,000**
Issued and fully paid:		
Ordinary shares of HK$0.01 each		
At 1 April 2020, 31 March 2021, 1 April 2021 and 31 March 2022	**509,859**	**5,099**

24. RESERVES

(a) Group

Details of the movements on the Group's reserves are as set out in the consolidated statement of changes in equity of the consolidated financial statements.

Share premium
The share premium account of the Group represents the excess of the proceeds received over the nominal value of the Company's shares issued.

Share option reserve
The share option reserve of the Group represents the cumulative expenses recognised on the granting of share options to the directors, employees and others providing similar services over the vesting period.

Merger reserve
The merger reserve of the Group represents the difference between the investment cost in subsidiaries of Travel Expert Enterprises (BVI) Limited and the nominal value of the issued share capital of the Company's subsidiaries.

Other reserve
The other reserve of the Group represents the changes in the Company's interests in subsidiaries that do not result in a loss of control.

Asset revaluation reserve
Asset revaluation reserve represents the revaluation surplus arising from transfer of owner-occupied properties to investment properties upon change in use.

(b) Company

	Share premium HK$'000	Contributed surplus (note) HK$'000	Share option reserve HK$'000	Share redemption reserve HK$'000	Retained profits/ (accumulated losses) HK$'000	Total HK$'000
At 1 April 2020	55,629	36,900	–	37	7,021	99,587
Loss for the year	–	–	–	–	(124,857)	(124,857)
At 31 March 2021 and 1 April 2021	**55,629**	**36,900**	**–**	**37**	**(117,836)**	**(25,270)**
Profit for the year	**–**	**–**	**–**	**–**	**46,792**	**46,792**
Share-based payments	**–**	**–**	**607**	**–**	**–**	**607**
At 31 March 2022	**55,629**	**36,900**	**607**	**37**	**(71,044)**	**22,129**

Note:

The contributed surplus of the Company represented the difference between the net asset value of the subsidiaries acquired and the nominal value of the share capital of the Company issued in exchange thereof pursuant to the reorganisation in 2011.

25. BANKING FACILITIES

As at 31 March 2022, the Group's banking facilities are approximately HK$55,582,000 (2021: HK$131,582,000) with approximately HK$3,879,000 (2021: HK$11,017,000) being utilised. The Group's banking facilities were secured by:

(i) the pledged deposits with carrying amount of approximately HK$4,375,000 as at 31 March 2022 (2021: HK$11,475,000); and

(ii) the corporate guarantee or cross-guarantees provided by the Company and/or certain subsidiaries.

26. SHARE OPTION SCHEME

The Company adopted a share option scheme on 6 September 2011 (the "Scheme"). The purpose of the 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 calibre 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 "Options") were granted to certain Group's employees (including Directors and their associate) and others providing similar services to subscribe for a total of 31,000,000 ordinary shares in accordance with the Scheme. The Scheme was expired on 29 September 2021. The options granted prior to the expiration remain valid for exercise and no further option under the Scheme would be granted.

The only vesting condition of the Options is that the individual remains in service to the Group for a 3-year period from the date of grant.

The following share options were outstanding under the Scheme during the year:

	2022		2021	
	Weighted average exercise price HK$	**Number '000**	Weighted average exercise price HK$	Number '000
Outstanding at the beginning of the year	**–**	**–**	–	–
Granted during the year	**0.194**	**31,000**	–	–
Forfeited during the year	**0.194**	**(400)**	–	–
Outstanding at the end of the year	**0.194**	**30,600**	–	–
Exercisable at the end of the year	**–**	**–**	–	–

The fair value of options granted during the year ended 31 March 2022 was approximately HK$2,848,000. The share-based payments of approximately HK$607,000 is charged to the profit or loss for the year ended 31 March 2022.

No options is exercisable as of 31 March 2022. The exercise price of options outstanding at the end of the year is HK$0.194 (2021: not applicable).

The weighted average fair value of each option granted during the year was approximately HK$0.092 (2021: not applicable).

26. SHARE OPTION SCHEME *(Continued)*

The following information is relevant in the determination of the fair value of options granted during the year under the equity-settled share based remuneration schemes operated by the Group.

	2022	2021
Option pricing model used	**Binomial Option Pricing Model**	–
Weighted average share price at grant date (HK$)	**0.194**	–
Exercise price (HK$)	**0.194**	–
Weighted average contractual life (year)	**4.998**	–
Expected volatility (%)	**64.313%**	–
Expected dividend rate (%)	**0.000%**	–
Risk-free interest rate (%)	**0.759%**	–

The volatility assumption, measured at the standard deviation of expected share price returns, is based on a statistical analysis of daily share prices over the last five years.

27. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	2022 HK$'000	2021 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Investments in subsidiaries		**36,900**	36,900
		36,900	36,900
Current assets			
Prepayments		**214**	240
Amounts due from subsidiaries		**48,155**	60,059
Cash and cash equivalents		**113**	76
		48,482	60,375
Current liabilities			
Accrued charges and other payables		**52**	52
Amounts due to subsidiaries		**58,089**	117,392
Provision for tax		**13**	2
		58,154	117,446
Net current liabilities		**(9,672)**	(57,071)
Total assets less current liabilities		**27,228**	(20,171)
Net assets/(liabilities)		**27,228**	(20,171)
EQUITY			
Share capital	*23*	**5,099**	5,099
Reserves	*24(b)*	**22,129**	(25,270)
Total equity/(capital deficiency)		**27,228**	(20,171)

Ko Wai Ming, Daniel
Director

Cheng Hang Fan
Director

27. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

Details of the subsidiaries at 31 March 2022 are as follows:

Name	Place and date of incorporation/place of operation	Particular of issued capital/registered capital	Effective interest held by the Company	Principal activities
Interests held directly				
Travel Expert Enterprises (BVI) Limited	The BVI 2 March 2010	US$0.01 at US$0.01 per share	100%	Investment holding
Interests held indirectly				
Travel Expert Enterprises Limited (專業旅運企業有限公司)	Hong Kong 6 January 2006	HK$1 ordinary share	100%	Investment holding
Travel Expert Limited (專業旅運有限公司)	Hong Kong 20 June 1986	HK$18,000,000 ordinary shares	100%	Travel and travel related business
Travel Expert Business Services Limited (專業旅運商務有限公司)	Hong Kong 24 March 1994	HK$750,000 ordinary shares	100%	Travel and travel related business
MICExpert Limited (尊業旅程策劃有限公司)	Hong Kong 4 July 1989	HK$500,000 ordinary shares	100%	Investment holding
Cruise Expert Limited (專業郵輪有限公司)	Hong Kong 13 October 1999	HK$1,000,000 ordinary shares	100%	Travel and travel related business
Power Empire Investments Limited (尊業旅運 (香港) 有限公司)	Hong Kong 5 August 2010	HK$1 ordinary share	100%	Holding of the Group's trademark
Another Food & Beverage Limited (formerly Tailor Made Holidays Limited) (又一飲食有限公司 (前稱度新假期有限公司))	Hong Kong 21 September 2010	HK$1,750,000 ordinary shares	100%	Food and beverage business (2021: Travel and travel related business)
Travel Expert (Shenzhen) Limited* (尊業旅行社 (深圳) 有限公司)	The PRC 21 December 2011	RMB3,500,000	100%	Travel and travel related business
Smart Elite Investments Limited (傑駿投資有限公司)	Hong Kong 23 August 2012	HK$1 ordinary share	100%	Trading of frozen food and groceries
Premium Holidays Limited (尊賞假期有限公司)	Hong Kong 13 July 2012	HK$1,250,000 ordinary shares	100%	Travel and travel related business
SHARExpert Travel Limited (專享旅遊策劃有限公司)	Hong Kong 6 September 2012	HK$500,000 ordinary shares	100%	Investment holding
AppoMax Technology Limited (亞寶邁科技有限公司)	Hong Kong 7 March 2014	HK$500,000 ordinary shares	70%	Holding of the Group's technology system
Travel Expert Asset Management Limited (專業旅運資產管理有限公司)	Hong Kong 25 October 2012	HK$1 ordinary shares	100%	Investment in treasury activities
Travel Expert Online Limited (專業旅運電子商貿有限公司)	Hong Kong 9 August 2013	HK$500,000 ordinary shares	100%	Travel and travel related business

27. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

Name	Place and date of incorporation/place of operation	Particular of issued capital/registered capital	Effective interest held by the Company	Principal activities
Profit Genius Marketing Solutions Limited (盈雋市場策劃有限公司)	Hong Kong 5 June 2015	HK$1 ordinary share	100%	Marketing solutions (2021: Property investment and marketing solutions)
Take My Hand Limited (緣動有限公司)	Hong Kong 11 April 2013	HK$500,000 ordinary shares	100%	Wedding and wedding related business
Travel Expert Group Management Limited (專業旅運集團管理有限公司)	Hong Kong 23 October 2015	HK$1 ordinary share	100%	Provision of management service

* Travel Expert (Shenzhen) Limited is a wholly foreign owned enterprise established in the PRC.

The financial statements of the subsidiaries have been examined by BDO Limited for the purpose of the Group's consolidated financial statements.

During the year ended 31 March 2021, a wholly-owned subsidiary incorporated in Hong Kong namely Champion Gate Limited was disposed of with a loss of approximately HK$2,838,000 was recognised in profit or loss.

The amounts due from/to subsidiaries are unsecured, interest-free and repayable on demand. During the year, impairment loss of approximately HK$46,788,000 was reversed (2021: HK$125,029,000 was provided) on the amounts due from subsidiaries.

28. NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of liabilities arising from financing activities

	Lease liabilities HK$'000
At 1 April 2021	**14,412**
Changes from financing cash flows:	
Settlement of lease liabilities	**(8,462)**
Interest paid	**(394)**
Other changes:	
Additions of lease liabilities	**4,289**
Lease modifications	**(127)**
COVID-19 related rent concession	**(506)**
Interest expense recognised	**394**
At 31 March 2022	**9,606**

28. NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*

	Lease liabilities HK$'000	Bank borrowing HK$'000	Total HK$'000
At 1 April 2020	24,033	2,926	26,959
Changes from financing cash flows:			
Settlement of lease liabilities	(15,677)	–	(15,677)
Proceed from bank borrowing	–	7,190	7,190
Repayment of bank borrowing	–	(10,116)	(10,116)
Interest paid	(632)	(39)	(671)
Other changes:			
Additions of lease liabilities	10,878	–	10,878
Interest expense recognised	632	39	671
Lease modification	(4,822)	–	(4,822)
At 31 March 2021	14,412	–	14,412

29. CAPITAL COMMITMENTS

As at 31 March 2022, the Group has capital commitments of approximately HK$172,000 (2021: Nil), contracted for but not provided for, in respect of capital expenditure of acquisition of property, plant and equipment.

30. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT

The main risks arising from the Group's financial instruments are market risk (including principally changes in interest rates and currency exchange rates), credit risk and liquidity risk. The board of directors reviews and agrees policies for each of these risks and they are summarised below. Generally, the Group employs conservative strategy regarding its risk management.

(i) Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group.

The Group's credit risk is primarily attributable to trade receivables, deposits, other receivables, cash deposits in banks and financial institutions. The Group's exposure to credit risks arising from cash deposits in banks and financial institutions are limited because these financial assets held by the Group are mainly deposited in banks and reputable financial intuitions, for which the Group considers to have low credit risk.

In respect of trade receivables, the Group has no significant concentrations of credit risk arising from its ordinary course of business due to its large customer base and the counterparties are creditworthy which have low risk of default in repayment.

The Group applies the simplified approach to provide for ECLs prescribed by HKFRS 9, which permit the use of lifetime ECLs provision for trade receivables. In measuring the ECLs, trade receivables are grouped based on shared credit risk characteristics and days past due. The expected loss rates are based on the payment profiles of sales over a period of 3 (2021: 5) years and the corresponding historical credit losses experienced. The historical loss rates are adjusted to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables. On that basis, ECL provision for trade receivables was assessed to be immaterial and no loss allowance was recognised during the year.

The Group adopts general approach for ECLs of deposits and other receivables and consider these financial assets have not significantly increased in credit risk from initial recognition. Thus, these financial assets are classified in stage one and only consider 12-month ECLs. ECL provision for these financial assets was assessed to be immaterial and no loss allowance was recognised during the year.

30. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT *(Continued)*

(ii) Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk mainly arises on deposits in banks and financial institutions (note 19) which are at floating rates. Derivative contracts may be used to hedge the Group's exposure to interest rate risk, when and where appropriate.

Interest rate sensitivity

The following table illustrates the sensitivity of the Group's loss for the year and retained profits to a possible change in the following interest rates with effect from the beginning of the year. The assumed changes have no impact on the Group's other components of equity.

	Effect on loss for the year and retained profits			
	Possible change in interest rates	Decrease in loss and increase in retained profits HK$'000	Possible change in interest rates	Increase in loss and decrease in retained profits HK$'000
31 March 2022	**+1%**	**122**	**–1%**	**(122)**
31 March 2021	+1%	216	–1%	(216)

The assumed changes in interest rates represent management's assessment of a reasonably possible change in interest rates over the periods until the next annual reporting date.

(iii) Foreign currency risk

Currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group has foreign currency exposures. Such exposures arise from the balance of assets and liabilities in currencies other than the functional currency of the Group's entities. The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date that are considered significant by the directors of the Company are stated as follows:

	2022 HK$'000	2021 HK$'000
Assets:		
Japanese Yen ("JPY")	**211**	229
United States dollars ("US$")	**550**	636
EURO ("EUR")	**407**	279
Australian dollar ("AUD")	**27**	27
Singapore dollar ("SGD")	**224**	222
RMB	**32,534**	20,638
New Zealand dollar ("NZD")	**90**	90
Canadian dollar ("CAD")	**104**	27
	34,147	22,148
Liabilities:		
JPY	**(55)**	(139)
US$	**(623)**	(1,764)
EUR	**(26)**	(28)
AUD	**(1)**	(1)
SGD	**–**	(1)
Taiwanese dollar ("TWD")	**(1)**	(6)
Macau Pataca ("MOP")	**–**	(26)
CAD	**(101)**	(24)
	(807)	(1,989)
Net exposure to foreign currency risk	**33,340**	20,159

30. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT *(Continued)*

(iii) Foreign currency risk *(Continued)*

The Group's policy requires the management monitors foreign exchange exposure by closely monitoring the movement of foreign currency rate and may enter into foreign currency options or forward contracts, when and where appropriate.

As US$ is pegged to HK$, the Group does not expect any significant movements in the US$/HK$ exchange rates. No sensitivity analysis in respect of the Group's financial assets and liabilities denominated in US$ is disclosed as in the opinion of the directors, such sensitivity analysis does not give additional value in view of insignificant movement in the US$/HK$ exchange rates as at the end of reporting period.

The following table illustrates the sensitivity of the Group's loss for the year and retained profits in regard to a 5% appreciation in the functional currencies of the Group's entities against the foreign currencies. These rates are the rates used when reporting foreign currency risk internally to key management personnel and represents management's best assessment of the possible change in foreign exchange rates.

The sensitivity analysis of the Group's exposure to foreign currency risk at the end of the year has been determined based on the assumed percentage changes in foreign currency exchange rates taking place at the beginning of the year and held constant throughout the year.

	Decrease/(increase) in loss	
	2022	2021
	HK$'000	HK$'000
JPY	**(7)**	(4)
EUR	**(16)**	(11)
AUD	**(1)**	(1)
SGD	**(9)**	(9)
RMB	**(1,358)**	(862)
MOP	**–**	1
NZD	**(4)**	(4)
	(1,395)	(890)

The same percentage depreciation in the functional currencies of the Group's entities against the respective foreign currencies would have the same magnitude on the Group's loss for the year and retained profits but of opposite effect.

These are the same method and assumption used in preparing the sensitivity analysis included in the consolidated financial statements of the year ended 31 March 2021.

30. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT *(Continued)*

(iv) Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its current financial liabilities. The Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations, mitigate the effects of fluctuations in cash flows and compliance with its covenants of the credit and banking facilities. The Group relies on internally generated funding and available banking facilities to the Group as significant sources of liquidity.

The maturity profile of the Group's financial liabilities at the end of the year, based on the contracted undiscounted payments, was as follows:

	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	On demand HK$'000	Within 1 year HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000
At 31 March 2022						
Trade payables	**4,332**	**4,332**	**3,581**	**751**	**–**	**–**
Other payables	**8,931**	**8,931**	**8,931**	**–**	**–**	**–**
Lease liabilities	**9,606**	**9,876**	**–**	**5,770**	**3,481**	**625**
	22,869	**23,139**	**12,512**	**6,521**	**3,481**	**625**

	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	On demand HK$'000	Within 1 year HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000
At 31 March 2021						
Trade payables	5,166	5,166	5,166	–	–	–
Other payables	9,348	9,348	9,348	–	–	–
Financial liabilities at fair value through profit or loss	18	18	–	18	–	–
Lease liabilities	14,412	14,863	–	8,492	4,390	1,981
	28,944	29,395	14,514	8,510	4,390	1,981

As mentioned in note 2.1, the Group has undertaken certain measures to increase its available working capital to enable it to continue to operate as going concern.

(v) Price risk

Equity price risk relates to the risk that the fair values of equity securities will fluctuate because of changes in the levels of equity indices and the values of individual securities. The Group is mainly exposed to equity price risk arising from the investments in listed equity securities classified as financial assets at fair value through profit or loss as at 31 March 2022 as mentioned in note 17 which are valued at quoted market prices at the reporting date. The Group's investments in listed equity securities are mainly publicly traded in the Stock Exchange and the New York Stock Exchange.

The sensitivity analysis on price risk includes the Group's financial instruments, which fair value or future cash flows will fluctuate because of changes in their corresponding quoted price. If the prices of the respective equity securities had been 10% higher/lower, loss for the year and retained earnings would decrease/increase and increase/decrease by approximately HK$220,000 (2021: HK$415,000) respectively and other components of equity would not be affected.

30. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT *(Continued)*

(vi) Summary of financial assets and liabilities by category

The carrying amounts of the Group's financial assets and liabilities as recognised at the end of the year are analysed into the following categories. See note 2.11 for explanations about how the category of financial instruments affects their subsequent measurement.

	2022 HK$'000	2021 HK$'000
Financial assets		
Financial assets at fair value through profit or loss		
– Listed equity securities	**2,192**	4,152
– Derivatives	**8**	13
	2,200	4,165
Financial assets at amortised cost		
– Trade receivables	**253**	40
– Deposits and other receivables	**6,239**	12,252
– Pledged deposits	**5,014**	15,152
– Time deposits over three months	**2,400**	25,000
– Cash and cash equivalents	**66,244**	51,549
	80,150	103,993
	82,350	108,158
Financial liabilities		
Financial liabilities measured at fair value through profit or loss		
– Derivatives	**–**	18
Financial liabilities at amortised cost		
– Trade payables	**4,332**	5,166
– Other payables	**8,931**	9,348
	13,263	14,514
	13,263	14,532

(vii) Fair value measurements recognised in the consolidated statement of financial position

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).

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

30. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT *(Continued)*

(vii) Fair value measurements recognised in the consolidated statement of financial position *(Continued)*

The financial assets and liabilities measured at fair value in the consolidated statement of financial position are grouped into the fair value hierarchy as follows:

	2022			
	Level 1 HK$'000	**Level 2 HK$'000**	**Level 3 HK$'000**	**Total HK$'000**
Financial assets at fair value through profit or loss				
– Listed equity investments	2,192	–	–	2,192
– Derivatives	8	–	–	8
	2,200	–	–	2,200

	2021			
	Level 1 HK$'000	**Level 2 HK$'000**	**Level 3 HK$'000**	**Total HK$'000**
Financial assets at fair value through profit or loss				
– Listed equity investments	4,152	–	–	4,152
– Derivatives	13	–	–	13
	4,165	–	–	4,165
Financial liabilities at fair value through profit or loss				
– Derivatives	18	–	–	18

There have been no transfers between different levels during the year.

The carrying amounts of the financial instruments carried at amortised cost are not materially different from their fair values as at 31 March 2022 and 2021.

31. CAPITAL MANAGEMENT

The Group's objectives when managing capital include:

(i) To safeguard the Group's ability to continue as a going concern, so that it continues to provide returns for shareholders and benefits for other stakeholders;
(ii) To support the Group's stability and growth; and
(iii) To provide capital for the purpose of strengthening the Group's risk management capability.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholders returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities.

The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristic of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend paid to shareholders, return capital to shareholders, issue new shares or raise new debts. No changes were made in the objectives, policies or processes for managing capital during the year.

31. CAPITAL MANAGEMENT *(Continued)*

The capital-to-overall financing ratio at the end of the year was as follows:

	2022 **HK$'000**	2021 HK$'000
Capital:		
Total equity	**61,158**	78,457
Overall financing:		
Bank borrowing	**–**	–
Capital-to-overall financing ratio	**N/A**	N/A

32. RELATED PARTY TRANSACTIONS

In addition to those disclosed elsewhere in these consolidated financial statements, the following transactions were carried out by the Group with related party during the years.

(i) Significant related party transactions during the years

	2022 **HK$'000**	2021 HK$'000
Lease payments to a related company	**965**	160

Notes:

1. Mr. Ko Wai Ming, Daniel and Ms. Cheng Hang Fan, the directors of the Company, are directors and ultimate beneficial owners of the related company.

2. The directors are of the opinion that the terms were made in the ordinary course of business with reference to the terms negotiated between the Group and the related company.

3. In respect of the lease entered into with the related company during the year ended 31 March 2022, right-of-use assets of HK$4,289,000 (2021: Nil) and lease liabilities of HK$4,289,000 (2021: Nil) were recognised in the consolidated statement of financial position at the commencement date of the lease. During the year ended 31 March 2022, depreciation of right-of-use assets of HK$834,000 (2021: Nil) and finance costs on lease liabilities of HK$74,000 (2021: Nil) were recognised in the consolidated statement of comprehensive income.

(ii) Compensation of key management personnel

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

	2022 **HK$'000**	2021 HK$'000
Short-term employee benefits	**863**	861
Share-based payments	**33**	–
Retirement scheme contribution	**24**	20
	920	881

33. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 28 June 2022.

FIVE-YEAR FINANCIAL SUMMARY

	2022 HK$'000	2021 HK$'000	2020 HK$'000	2019 HK$'000	2018 HK$'000
Total customer sales proceeds	**48,475**	31,375	1,054,711	1,415,684	1,618,133
Revenue	**10,278**	6,423	287,164	304,131	325,331
Cost of sale	**(4,727)**	(635)	(122,851)	(91,502)	(81,315)
Gross profit	**5,551**	5,788	164,313	212,629	244,016
Other income and gains	**7,948**	34,388	13,917	14,883	18,596
Changes in fair value of investment property	**–**	(2,189)	(3,923)	5,984	5,000
Selling and distribution costs	**(9,041)**	(22,908)	(132,661)	(170,658)	(196,012)
Administrative expenses	**(20,894)**	(47,347)	(83,031)	(75,292)	(72,594)
Share of (loss)/profits of associates	**–**	(828)	(1,521)	(254)	1,351
Fair value (loss)/gain on financial assets/ liabilities at fair value through profit or loss	**(1,307)**	642	(293)	(983)	1,025
(Loss)/profit from operations	**(17,743)**	(32,454)	(43,199)	(13,691)	1,382
Finance cost	**(394)**	(671)	(1,673)	(172)	(519)
(Loss)/profit before income tax	**(18,137)**	(33,125)	(44,872)	(13,863)	863
Income tax credit/(expense)	**214**	233	(189)	219	(626)
(Loss)/profit for the year	**(17,923)**	(32,892)	(45,061)	(13,644)	237
Other comprehensive income for the year, net of tax	**17**	318	(309)	34,563	359
Total comprehensive income for the year	**(17,906)**	(32,574)	(45,370)	20,919	596
ASSETS AND LIABILITIES					
Non-current assets	**4,502**	2,209	117,376	129,936	90,842
Current assets	**85,485**	110,411	81,555	204,080	266,146
TOTAL ASSETS	**89,987**	112,620	198,931	334,016	356,988
Non-current liabilities	**(4,042)**	(6,238)	(5,302)	(56)	(843)
Current liabilities	**(24,787)**	(27,925)	(82,598)	(167,362)	(195,592)
TOTAL LIABILITIES	**(28,829)**	(34,163)	(87,900)	(167,418)	(196,435)
	61,158	78,457	111,031	166,598	160,553

Note:

The consolidated results of the Group for each of the years ended 31 March 2021 and 2022 and the consolidated assets and liabilities of the Group as at 31 March 2021 and 2022 are those set out on pages 43 to 95 of this annual report.