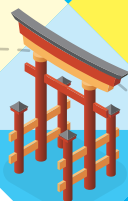


# 專業旅運(亞洲)企業有限公司

Travel Expert (Asia) Enterprises Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1235)



Interim Report  
2020/2021

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

*Pinpoints*  
**YOUR  
JOURNEY**



Pages	<b>CONTENTS</b>
02	Corporate Information
03	Financial Highlights
04	Chairman's Statement
06	Management Discussion and Analysis
12	Other Information
15	Independent Review Report
17	Consolidated Statement of Comprehensive Income
19	Consolidated Statement of Financial Position
21	Consolidated Statement of Changes in Equity
22	Condensed Consolidated Statement of Cash Flows
23	Notes to the Condensed Consolidated Interim Financial Statements



## CORPORATE INFORMATION

### DIRECTORS

#### Executive Directors

Mr. Ko Wai Ming, Daniel (*Chairman*)  
Ms. Cheng Hang Fan  
(*Chief Executive Officer*)

#### Independent Non-executive Directors

Mr. Mak King Sau  
Mr. Szeto Chi Man  
Mr. Yung Ha Kuk, Victor

### AUDIT COMMITTEE

Mr. Yung Ha Kuk, Victor (*Chairman*)  
Mr. Mak King Sau  
Mr. Szeto Chi Man

### NOMINATION COMMITTEE

Mr. Szeto Chi Man (*Chairman*)  
Mr. Ko Wai Ming, Daniel  
Mr. Mak King Sau  
Mr. Yung Ha Kuk, Victor

### REMUNERATION COMMITTEE

Mr. Mak King Sau (*Chairman*)  
Ms. Cheng Hang Fan  
Mr. Szeto Chi Man  
Mr. Yung Ha Kuk, Victor

### COMPANY SECRETARY

Ms. Cheng Yin Wah

### AUDITOR

BDO Limited

### PRINCIPAL BANKER

Hang Seng Bank Limited

### REGISTERED OFFICE

Cricket Square  
Hutchins Drive  
P. O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

### HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

9th Floor  
LiFung Tower  
No. 868 Cheung Sha Wan Road  
Kowloon  
Hong Kong

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

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

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

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

### COMPANY WEBSITE

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

### STOCK CODE

The Stock Exchange of Hong Kong Limited:  
1235



## FINANCIAL HIGHLIGHTS

	Notes	Six months ended 30 September		Change
		2020 HK\$'000	2019 HK\$'000	

### Profitability

Total customer sales proceeds		<b>18,057</b>	635,966	-97.2%
-------------------------------	--	---------------	---------	--------

Revenue				
– Service income from sales of travel/wedding related products		<b>2,269</b>	78,671	-97.1%
– Sales of package tours		–	78,972	-100%
– Rental income from investment properties		<b>307</b>	545	-43.7%
		<b>2,576</b>	158,188	-98.4%

Loss attributable to owners of the Company		<b>(19,423)</b>	(12,192)	
--	--	-----------------	----------	--

Loss per share				
– Basic (HK cents)	1	<b>(3.8)</b>	(2.4)	

### Financial ratio

Return on equity (%)	2	<b>-21.2%</b>	-8.4%	
Current ratio (time)	3	<b>3.19</b>	0.98	
Gearing ratio (%)	4	<b>0%</b>	2.2%	

Notes:

- 1 The calculation of the basic loss per share is based on 509,859,000 (2019: 509,859,000) weighted average number of ordinary shares in issue during the period.
- 2 Return on equity is calculated based on the loss for the period attributable to owners of the Company divided by the equity attributable to owners of the Company at the end of the period and multiplied by 100%.
- 3 Current ratio is calculated based on the total current assets divided by the total current liabilities at the end of the period.
- 4 Gearing ratio is calculated based on the bank borrowings divided by the total equity at the end of the period and multiplied by 100%.



## CHAIRMAN'S STATEMENT

Dear Shareholders,

During the six months ended 30 September 2020 (the "Period"), the outbreak of Coronavirus Disease 2019 ("COVID-19") both locally and worldwide made the operating environment extremely challenging.

As indicated in the profit warning announcement and the profit warning supplemental announcement issued by the Company on 8 October 2020 and 13 November 2020 respectively, the results attributable to owners of the Company for the Period declined significantly as compared to the corresponding period last year due to the outbreak of COVID-19. The loss attributable to owners of the Company for the Period was HK\$19.4 million as compared with the loss of HK\$12.2 million for the same period last year. The total revenue for the Period was HK\$2.6 million, representing a decrease of 98.4% from HK\$158.2 million for the same period last year. In response to the unpredictable circumstances evolving from the global outbreak of COVID-19, governments around the world introduced stringent travel restrictions that made the travel and tourism industry plunged into business difficulties and great hardship. This unprecedented challenge caused a significant decrease in the Group's revenue and adversely impacted on the Group's financial performance for the Period.

During the Period, our FIT (free independent travellers) business of Travel Expert Limited (專業旅運有限公司) ("Travel Expert") dropped to a record low. Premium Holidays Limited (尊賞假期有限公司) ("Premium Holidays") cancelled and suspended all outbound package tours with departure date after mid-March and up till now. Facing the severe challenges, the most vital task of the Group's management is to manage working capital and maintain liquidity by preserving cash through adopting various cost control measures, which including but not limited to downsizing the branch network, reducing staff costs and negotiating with landlords for rental reduction. The Group and employees are grateful for the government's relief measures under Tourism Industry Support Scheme and Anti-epidemic Fund, though short-term and far from adequate, which enabled us to ease the financial burden in this critical time.

Under the challenging environment, apart from upgrading our operational efficiency and remaining committed to service quality, the Group strived to maintain its good relationships with business partners and suppliers by implementing its contractual obligations, such as commitments in marketing plan and tenancy agreements. We believe that being a trustworthy and reliable business partner is important and beneficial to the Group in capturing business opportunities.



To enhance the Group's financial position and increase the general working capital, we disposed of the Group's property in Han Chung Mansion at Tsim Sha Tsui and 20% equity interest in an associate company during the Period. We also disposed of an indirect wholly owned subsidiary, being the beneficial owner of the investment property in Kowloon Plaza at Lai Chi Kok, in October 2020. Thus, the Group maintained sufficient working capital to meeting its operation needs.

Looking ahead, operating environment will remain extremely challenging. The recovery of the travel industry is still remote. The top priority of the Group is to manage our costs and working capital to navigate and survive the storm. To retain our strength, we will continue the ongoing negotiations with landlords to obtain rental relief and streamlining work processes of both frontline and back office. The Group will strive to take active measures to cope with the challenges and will continue to improve its competitiveness in different areas. We believe that through the continuous efforts of the experienced management team and the entire staff members as well as proactive and flexible measures adopted by the Group, we will tide over the difficult times. Furthermore, the Group will explore new business opportunities in markets outside Hong Kong, such as the Greater Bay Area.

On behalf of the Board, I would like to express my sincere gratitude to shareholders, business partners and customers for their continued support, and to employees for their dedication and hard work during these difficult times.

**Ko Wai Ming, Daniel**

*Chairman and Executive Director*

Hong Kong, 26 November 2020



## MANAGEMENT DISCUSSION AND ANALYSIS OVERVIEW

For the six months ended 30 September 2020 (the "Period"), as indicated in the profit warning announcement and the profit warning supplemental announcement issued by the Company on 8 October 2020 and 13 November 2020 respectively, the results attributable to owners of the Company for the Period declined significantly as compared to the corresponding period last year due to the outbreak of COVID-19. The Group's total customer sales proceeds for the Period was HK\$18.1 million, representing a decrease of 97.2% as compared with HK\$636.0 million for the corresponding period last year. The total revenue for the Period was HK\$2.6 million (2019: HK\$158.2 million), representing a decrease of 98.4% over the corresponding period last year. The loss for the Period attributable to the owners of the Company was HK\$19.4 million (2019: HK\$12.2 million) and loss per share attributable to owners of the Company for the Period was HK3.8 cents (2019: HK2.4 cents). The Board has resolved not to declare an interim dividend for the Period (2019: Nil).

## BUSINESS REVIEW

The Group's retail FIT business is operated mainly through Travel Expert, which is the core focus of the Group. During the Period, the outbreak of COVID-19 pandemic has caused unprecedented impact on business operations of this business line. To slow down the spread of COVID-19, governments around the world imposed strict travel restrictions and compulsory quarantine orders. Customers cancelled or delayed unnecessary travel plans. The sales and revenue of this business line dropped drastically to record low level. In response to this unprecedented challenge, the Group implemented a number of cash preservation measures. To preserve working capital to survive the storm, we streamlined the branch network, negotiated with landlords for rental reduction and reduced staff costs.

The Group's online business is operated through the online trading platform [www.texpert.com](http://www.texpert.com) that focused on selling travel products like tickets of theme park, train, bus, boat and etc. During the Period, we slowed down the system enhancement plan for this business line so as to maintain liquidity and preserve cash.

The Group's tour operation is mainly operated by Premium Holidays with focus on operating high-end long haul tours business. During the Period, package tours of this business line have been adversely affected due to vigorous measures introduced by governments all over the world. To cope with this extremely challenging operation environment, this business line strived to improve operational and cost efficiencies by continuously and closely monitoring costs and streamlining work processes. With a view to enhance our competitiveness and service quality, this business line also conducted various training programs for the Group's frontline staff to equip them with product knowledge, selling skills and service quality.





In addition to the ordinary travel business segment, our investment activities using the Group's surplus funds allocated under the approved investment cap are conducted by Travel Expert Asset Management Limited (專業旅運資產管理有限公司) ("Travel Expert Asset Management"). During the Period, this segment recorded a slight loss. We will continue to closely monitor the market situation and make investment decisions prudently in order to help the Group to better utilize its surplus fund and contributed to its bottom line.

## FINANCIAL REVIEW

### Other Income and Gains

Total other income and gains increased significantly by HK\$15.0 million from HK\$6.0 million for the six months ended 30 September 2019 to HK\$21.0 million for the Period. Such increase was primarily attributed to the recognition of government grants of HK\$10.7 million, gain on lease modifications of HK\$3.2 million, gain on disposal of property, plant and equipment of HK\$3.8 million and gain on disposal of investment properties of HK\$2.0 million during the Period, whereas no such items were recorded in the corresponding period last year.

### Selling and Distribution Costs

For the Period, selling and distribution costs amounted to HK\$14.5 million, representing a decrease of 80.8% from HK\$75.5 million for the corresponding period last year.

The global outbreak of COVID-19 has deeply impacted on the Group's business. The decrease of selling and distribution costs was mainly due to (i) reduction of frontline staff cost that was contributed by the reduction of frontline headcounts and less sales commission expenses and other staff costs; (ii) decrease in advertising and promotion activities; (iii) decrease in credit card charges on sales proceeds; and (iv) decrease in depreciation on right-of-use assets and rents related to retail premises. During the Period, in response to the challenging operating environment due to the outbreak of COVID-19, we further streamlined our branch network in order to reduce costs to preserve working capital. Besides, the Group carried out strict cost control measures and strived to maintain a reasonable selling and distribution costs level. The Group will also adopt other measures to maintain both the competitiveness and cost effectiveness of its branch network in accordance with market conditions. As at 30 September 2020, the Group operated a total of 19 retail shops in Hong Kong under the brand names of Travel Expert and Premium Holidays.





## **Administrative Expenses**

For the Period, administrative expenses amounted to HK\$25.0 million, representing a decrease of 25.4% from HK\$33.5 million for the corresponding period last year which was mainly due to the decrease in staff costs (including salaries and bonus) 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 Period was HK\$374,000, of which as to HK\$36,000 was related to the interest-bearing bank borrowing (2019: HK\$38,000) and as to HK\$338,000 was related to the interest on lease liabilities (2019: HK\$901,000).

## **Liquidity, Financial Resources and Capital Resources**

The Group generally finances its liquidity requirements through internally generated resources and will only finance with available banking facilities whenever necessary. For the Period, the Group had a significant operating cash outflow of approximately HK\$33.1 million and the net assets value of HK\$91.8 million (as at 31 March 2020: HK\$111.0 million). The Group had total cash and cash equivalents of HK\$31.9 million as at 30 September 2020 (as at 31 March 2020: HK\$44.1 million). As at 30 September 2020, the Group had investment property of HK\$73.0 million included in the assets held for sale as compared to the investment properties of HK\$84.9 million as at 31 March 2020. The Group had a portfolio of financial assets at fair value through profit or loss of HK\$8.8 million as at 30 September 2020 (as at 31 March 2020: Nil).

As at 30 September 2020, the Group did not have any outstanding bank borrowing. As at 31 March 2020, the gearing ratio (interest-bearing bank borrowings divided by total equity) was 2.6%.

## **Contingent Liabilities**

The Group did not have any contingent liabilities as at 30 September 2020.





## Capital Commitments

As at 30 September 2020, the Group's commitments in respect of capital expenditure were contracted but not provided for the acquisition of property, plant and equipment of approximately HK\$82,000 (as at 31 March 2020: HK\$211,000).

## Pledge of Assets

As at 30 September 2020, the Group's investment property of approximately HK\$73.0 million (which was classified as asset held for sale) and bank deposit of HK\$0.3 million were pledged to secure banking facilities granted to the Group (as at 31 March 2020: investment properties of HK\$84.9 million, leasehold land and building of HK\$15.1 million and bank deposit of HK\$1.6 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 Period, a net foreign exchange loss of HK\$100,000 was recorded (2019: exchange gain of HK\$31,000).

## Human Resources and Employee's Remuneration

As at 30 September 2020, the Group had a total workforce of 227 (as at 31 March 2020: 237), of which about 57% were frontline staff. Employees' remuneration packages are determined with reference to the market information and individual performance and will be reviewed on a regular basis. Other benefits include contributions to mandatory provident fund and medical insurance coverage. In addition, the Group has adopted a Share Option Scheme to recognize the contributions of our staff and to provide them with incentives to stay with the Group. The remuneration policy will be reviewed by the Board from time to time. Emoluments of Directors are determined by the Remuneration Committee after considering the Group's operating results, individual performance and comparing with market conditions.



## Event after the Reporting Period

On 22 July 2020, the Group entered into a provisional agreement for sale and purchase with an independent third party (the “Purchaser”) pursuant to which the Group agreed to sell and the Purchaser agreed to purchase the entire issued share of Champion Gate Limited, an indirect wholly-owned subsidiary of the Company, at the consideration of HK\$74.8 million. The details of the transaction were set out in the circular dated 21 August 2020 published by the Company. The sale and purchase transaction was completed on 28 October 2020.

On 9 October 2020, the Group entered into a tenancy agreement (the “Tenancy Agreement”) with an independent third party in respect of the leasing of the Group’s new headquarters and the unaudited value of the right-of-use asset to be recognized by the Group under the Tenancy Agreement amounted to approximately HK\$7.92 million, which is the present value of total rental payable at the inception of the lease term under the terms of the Tenancy Agreement in accordance with HKFRS 16 as issued by the Hong Kong Institute of Certified Public Accountants. The details of the Tenancy Agreement were set out in the announcement dated 9 October 2020 published by the Company.

## OUTLOOK

The outbreak of COVID-19 has spread all over the world and negatively impacted on the global economies. The business environment is expected to be more challenging than ever. In view of the uncertainty caused by COVID-19, the top priority of the Group’s management is to manage our costs and working capital to navigate the storm. To enable us to retain strength for the Group’s sustainable development, the Group will continue to carry out a number of cost saving measures, including reducing staff and other operating costs, negotiating with landlords to obtain rental relief and streamlining the branch network.

Although no one can predict when the COVID-19 pandemic will be brought under control and the travel and tourism will be recovered, we are glad to know that recently scientists and world’s largest pharmaceutical companies are developing potential vaccines for COVID-19 and undergoing tests. If an effective vaccine could be ready by mid-2021, we hope that the travel industry will be recovered gradually by the end of next year.

With the enhanced financial position after disposals of the Group’s property in Han Chung Mansion at Tsim Sha Tsui and 20% equity interest in an associate company during the Period as well as the completion of the disposal of an indirect wholly owned subsidiary in October 2020 as set out in the section headed “Event after the Reporting Period” above, the management is of the view that the Group has sufficient working capital to support the Group’s operation needs. We will continue use our utmost efforts to maintain the Group’s operation by adopting proactive and forward-looking measures.

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

During the six months ended 30 September 2020, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities.



## **CORPORATE GOVERNANCE**

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

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

## **REVIEW OF INTERIM RESULTS**

The Audit Committee has reviewed and discussed with the management and the Company’s external auditors the interim results for the Period.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the “Model Code for Securities Transactions by Directors of Listed Issuers” set out in Appendix 10 of the Listing Rules (“Model Code”) as the code of conduct regarding securities transactions by the Directors.

Having made specific enquiry of all Directors, the Directors of the Company confirmed that they have complied with the required standard set out in the Model Code during the Period.

## OTHER INFORMATION

### DIRECTORS' INTERESTS IN SHARE CAPITAL

At 30 September 2020, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code were as follows:

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

Name of Director	Number of shares of HK\$0.01 each in the Company				Approximate percentage of the issued share capital
	Personal interests	Family interests	Corporate interests	Total interests	
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:

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

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

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

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

Save as disclosed above, as at 30 September 2020, none of the Directors and chief executive of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of SFO) which are required, pursuant to Section 352 of the SFO, to be entered in the registers referred to therein or are required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

## SHARE OPTION SCHEME

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

During the six months ended 30 September 2020, there was no outstanding option and no option under the Share Option Scheme was granted.

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

## SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARE CAPITAL

As at 30 September 2020, shareholders (not being Directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO, or otherwise notified to the Company are set out below:

Name of Shareholders	Nature of interests		Total number of shares held	Approximate percentage of the issued share capital
	Beneficial owner	Family interest		
CHHL (Note a)	356,715,000	–	356,715,000	69.96%
Mr. Chu Hung Kwan ("Mr. Chu") (Note b)	17,400,000	11,500,000	28,900,000	5.67%
Ms. Tai Kan Yuet ("Mrs. Chu") (Note b)	11,500,000	17,400,000	28,900,000	5.67%

Notes:

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

Save as disclosed above, the Directors and chief executive of the Company are not aware that there is any person (not being a Director or chief executive of the Company) who, as at 30 September 2020, had an interest or a short position in the shares or underlying shares of the Company which are recorded in the registers required to be kept under Section 336 of the SFO or notified to the company pursuant to the SFO.

## CHANGE IN INFORMATION OF DIRECTORS

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

## INVESTMENT ACTIVITIES

For the six months ended 30 September 2020, 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.

The investment cap of HK\$30 million or an amount equivalent to the Group's balance of the surplus funds (which as is lower) approved by the Board remained unchanged during the six months ended 30 September 2020.

The details of the financial assets or liabilities purchased under the investment cap stated at fair value as at 30 September 2020 were as follows:

<b>Investment by Categories</b>	<b>30 September 2020 (unaudited) HK\$'000</b>	<b>31 March 2020 (audited) HK\$'000</b>
Equity securities listed in Hong Kong	<b>8,810</b>	–
Hang Seng Index Future Contract	<b>18</b>	–
<b>Total Value</b>	<b>8,828</b>	–



## INDEPENDENT REVIEW REPORT



Tel : +852 2218 8288  
Fax : +852 2815 2239  
[www.bdo.com.hk](http://www.bdo.com.hk)

25<sup>th</sup> Floor Wing On Centre  
111 Connaught Road Central  
Hong Kong

電話 : +852 2218 8288  
傳真 : +852 2815 2239  
[www.bdo.com.hk](http://www.bdo.com.hk)

香港干諾道中111號  
永安中心25樓

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

### INTRODUCTION

We have reviewed the condensed consolidated interim financial statements set out on pages 17 to 42 which comprise the consolidated statement of financial position of Travel Expert (Asia) Enterprises Limited and its subsidiaries (collectively referred to as the "Group") as of 30 September 2020 and the related consolidated statement of comprehensive income, consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes (the "condensed consolidated interim financial statements"). The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The directors are responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on the condensed consolidated interim financial statements based on our review. This report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### SCOPE OF REVIEW

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





## CONCLUSION

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

## EMPHASIS OF MATTER – MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

Without qualifying our conclusion, we draw attention to note 2 to the condensed consolidated interim financial statements, which indicates that the Group recorded a loss for the period of approximately HK\$19,425,000 and operating cash outflows of approximately HK\$33,113,000 during the period ended 30 September 2020. These conditions, along with other matters as set forth in note 2 to the condensed consolidated interim financial statements, indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern.

### **BDO Limited**

Certified Public Accountants

### **Wong Kwok Wai**

Practising Certificate Number P06047

Hong Kong, 26 November 2020





## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2020

		Six months ended 30 September	
	Notes	2020 (unaudited) HK\$'000	2019 (unaudited) HK\$'000
<b>Revenue</b>	6	<b>2,576</b>	158,188
Cost of sales		<u>(87)</u>	<u>(63,089)</u>
<b>Gross profit</b>		<b>2,489</b>	95,099
Other income and gains	6	<b>21,034</b>	6,001
Changes in fair value of investment properties	13	<b>(2,189)</b>	(1,823)
Selling and distribution costs		<b>(14,485)</b>	(75,464)
Administrative expenses		<b>(24,979)</b>	(33,497)
Share of losses of associates		<b>(828)</b>	(752)
Loss on disposal of financial assets/liabilities at fair value through profit or loss		<b>(65)</b>	(226)
Fair value gain/(loss) on financial assets/liabilities at fair value through profit or loss		<u>2</u>	<u>(256)</u>
<b>Loss from operations</b>	7	<b>(19,021)</b>	(10,918)
Finance costs	8	<u>(374)</u>	<u>(939)</u>
<b>Loss before income tax</b>		<b>(19,395)</b>	(11,857)
Income tax expense	9	<u>(30)</u>	<u>(87)</u>
<b>Loss for the period</b>		<b>(19,425)</b>	(11,944)



	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2020</b>	<b>2019</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Notes	<b>HK\$'000</b>	<b>HK\$'000</b>

**Other comprehensive income**

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

Exchange difference on translation of financial statements of overseas subsidiary

<u>160</u>	<u>(306)</u>
------------	--------------

**Other comprehensive income for the period, net of tax**

<u>160</u>	<u>(306)</u>
------------	--------------

**Total comprehensive income for the period**

<u>(19,265)</u>	<u>(12,250)</u>
-----------------	-----------------

**(Loss)/profit for the period attributable to:**

Owners of the Company

<u>(19,423)</u>	<u>(12,192)</u>
-----------------	-----------------

Non-controlling interests

<u>(2)</u>	<u>248</u>
------------	------------

<u>(19,425)</u>	<u>(11,944)</u>
-----------------	-----------------

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

Owners of the Company

<u>(19,263)</u>	<u>(12,498)</u>
-----------------	-----------------

Non-controlling interests

<u>(2)</u>	<u>248</u>
------------	------------

<u>(19,265)</u>	<u>(12,250)</u>
-----------------	-----------------

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

10


Basic and diluted

<u>HK (3.8) cents</u>	<u>HK (2.4) cents</u>
-----------------------	-----------------------

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2020

		30 September 2020 (unaudited) HK\$'000	31 March 2020 (audited) HK\$'000
	Notes		
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	12	2,446	20,718
Investment properties	13	–	84,900
Interests in associates		–	8,369
Deposits		1,810	3,389
<b>Total non-current assets</b>		<b>4,256</b>	<b>117,376</b>
<b>Current assets</b>			
Inventories		2,383	3,462
Trade receivables	14	195	2,199
Lease receivable		355	881
Prepayments, deposits and other receivables		14,857	29,022
Amount due from an associate		–	135
Financial assets at fair value through profit or loss	15	8,828	–
Prepaid tax		–	102
Pledged deposits		278	1,630
Cash and cash equivalents	16	31,873	44,124
		<b>58,769</b>	<b>81,555</b>
Assets classified as held for sale	20	73,195	–
<b>Total current assets</b>		<b>131,964</b>	<b>81,555</b>



		<b>30 September 2020 (unaudited) HK\$'000</b>	31 March 2020 (audited) HK\$'000
	Notes		
<b>Current liabilities</b>			
Trade payables	17	<b>7,647</b>	18,587
Lease liabilities		<b>10,038</b>	18,782
Accrued charges, deposits received and other payables		<b>15,635</b>	27,910
Contract liabilities		<b>7,468</b>	13,661
Bank borrowing	18	–	2,926
Amount due to an associate		–	219
Provision for tax		<b>526</b>	513
		<b>41,314</b>	82,598
Liabilities associated with assets classified as held for sale	20	<b>95</b>	–
<b>Total current liabilities</b>		<b>41,409</b>	82,598
<b>Net current assets/(liabilities)</b>		<b>90,555</b>	(1,043)
<b>Total assets less current liabilities</b>		<b>94,811</b>	116,333
<b>Non-current liabilities</b>			
Deferred tax liabilities		–	51
Lease liabilities		<b>3,045</b>	5,251
<b>Total non-current liabilities</b>		<b>3,045</b>	5,302
<b>Net assets</b>		<b>91,766</b>	111,031
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	19	<b>5,099</b>	5,099
Reserves		<b>86,489</b>	105,752
		<b>91,588</b>	110,851
<b>Non-controlling interests</b>		<b>178</b>	180
<b>Total equity</b>		<b>91,766</b>	111,031



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2020

	Attributable to owners of the Company										Non-controlling interests HK\$'000	Total Equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Share redemption reserve HK\$'000	Merger reserve HK\$'000	Foreign exchange reserve HK\$'000	Asset revaluation reserve HK\$'000	Other reserve HK\$'000	Proposed dividend HK\$'000	Retained profits HK\$'000	Total HK\$'000		
<b>At 1 April 2019</b>	5,099	55,629	37	(9,000)	(274)	34,727	(4,980)	10,197	76,299	167,734	(1,136)	166,598
Loss for the period	-	-	-	-	-	-	-	-	(12,192)	(12,192)	248	(11,944)
Other comprehensive income:												
Exchange alignment	-	-	-	-	(306)	-	-	-	-	(306)	-	(306)
<b>Total comprehensive income for the period</b>	-	-	-	-	(306)	-	-	-	(12,192)	(12,498)	248	(12,250)
Final dividend paid	-	-	-	-	-	-	-	(10,197)	-	(10,197)	-	(10,197)
<b>At 30 September 2019 (unaudited)</b>	<u>5,099</u>	<u>55,629</u>	<u>37</u>	<u>(9,000)</u>	<u>(580)</u>	<u>34,727</u>	<u>(4,980)</u>	<u>-</u>	<u>64,107</u>	<u>145,039</u>	<u>(888)</u>	<u>144,151</u>

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

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2020

	Six months ended 30 September	
	2020 (unaudited) HK\$'000	2019 (unaudited) HK\$'000
<b>Cash used in operations</b>	<b>(33,147)</b>	(7,247)
Income tax refund	<u>34</u>	139
<b>Net cash used in operating activities</b>	<b>(33,113)</b>	(7,108)
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(147)	(695)
Proceeds from disposal of property, plant and equipment	18,788	–
Capital expenditure incurred for investment properties	(189)	(23)
Proceeds from disposal of investment properties	8,900	–
Expenditure incurred for right-of-use assets	–	(27)
Receipt from lease receivable	537	669
Proceeds from disposal of an associate	4,014	–
Net change in balances with associates	–	(1,928)
Dividend income	–	113
Decrease in pledged deposits	1,352	5,479
Increase in time deposits with an original maturity of more than three months	–	(10,003)
Interest received	<u>88</u>	<u>1,106</u>
<b>Net cash generated from/(used in) investing activities</b>	<b>33,343</b>	(5,309)
<b>Cash flows from financing activities</b>		
Dividends paid	–	(10,197)
Settlement of lease liabilities	(9,336)	(13,077)
Repayment of bank borrowing	(2,926)	(241)
Interest paid	<u>(374)</u>	<u>(939)</u>
<b>Net cash used in financing activities</b>	<b>(12,636)</b>	(24,454)
<b>Net decrease in cash and cash equivalents</b>	<b>(12,406)</b>	(36,871)
<b>Cash and cash equivalents at beginning of period</b>	<b>44,124</b>	92,177
<b>Effect of foreign exchange rate changes</b>	<u>161</u>	<u>(229)</u>
<b>Cash and cash equivalents at end of period</b>	<b>31,879</b>	55,077
Less: included in the assets classified as held for sale	<u>(6)</u>	–
	<b>31,873</b>	<b>55,077</b>



# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2020

## 1. GENERAL INFORMATION

Travel Expert (Asia) Enterprises Limited (the “Company”) was incorporated in the Cayman Islands as an exempted company with limited liability. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company and its subsidiaries (the “Group”) is located at 9/F., LiFung Tower, No. 868 Cheung Sha Wan Road, Kowloon, Hong Kong. The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

The principal activity of the Company is investment holding. The principal activities of the Company’s subsidiaries are provision of services relating to sales of air-tickets, hotel accommodation and other travel/wedding related products, sales of package tours, property investment and investment in treasury activities.

The condensed consolidated interim financial statements for the six months ended 30 September 2020 were approved and authorised for issue by the board of directors (the “Board”) on 26 November 2020.

## 2. BASIS OF PREPARATION

These condensed consolidated interim financial statements for the six months ended 30 September 2020 have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

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

The condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 March 2020.

In early 2020, the outbreak of the Coronavirus Disease 2019 (“COVID-19”) created unprecedented pressure for travel industry. Precautionary and control measures have since been implemented in various countries, which included entry restrictions and quarantine measures over international travel. This situation of the pandemic has still been precarious and the Group recorded a loss of approximately HK\$19,425,000 and operating cash outflows of approximately HK\$33,113,000 during the six months ended 30 September 2020.





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

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

In view of these circumstances and the impact of COVID-19 pandemic, the management closely monitors the Group's financial performance and liquidity position to assess the Group's ability to continue as a going concern. The management has been continuously implementing measures to control operating costs and improve the Group's liquidity and financial position.

These measures include (i) controlling operating expenditures by downsizing its operations including optimisation of the branch network by closure of under-performed branches, reducing related costs such as rental expenses and staff costs; (ii) negotiating with landlords for rental reductions; (iii) applying for the COVID-19 related subsidies applicable to the Group's companies, including wages subsidies under the Employment Support Scheme launched by The Government of the Hong Kong Special Administrative Region; and (iv) plans to realise non-current assets of the Group, including the disposal of a property holding subsidiary as disclosed in note 20 for a cash consideration of HK\$74,800,000 which had been completed and received in late October 2020.

The Directors have reviewed the Group's cash flow projections prepared by the management. The cash flow projections cover a period of eighteen months from 30 September 2020. 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 that include key assumptions with regard to the anticipated cash flows from the Group's operations, capital expenditures and the COVID-19 related subsidies. The Directors, after making due enquiries and considering the basis of management's projections described above and after taking into account the reasonably possible changes in the operational performance, 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 management assumptions and judgements, in particular the timing of uplifting the entry restrictions and quarantine measures, and the successful implementation of the aforementioned measures on liquidity. Accordingly, the Directors consider that it is appropriate to prepare the Group's condensed consolidated interim financial statements on a going concern basis.

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



### 3. SIGNIFICANT EVENTS

The World Health Organization declared COVID-19 a global health emergency on 30 January 2020. Since then, the Group has experienced significant disruption to its operations. The sales and revenue of travel and travel/wedding related business declined drastically to a record low level.

The significant events and transactions that have occurred since 31 March 2020 relate to the effects of the global pandemic on the Group's condensed consolidated interim financial statements for the six months ended 30 September 2020 are summarised as follows.

#### (a) Decrease in sales and operation cash inflows

As disclosed in note 6, travel and travel/wedding related business has experienced significant reductions since the pandemic's effects became widespread. During the period, a number of travel and travel/wedding related products has been cancelled and refunded, which resulted in a reversal of revenue relating to provision of services relating to sales of travel and travel/wedding related products. Accordingly, the Group recorded net cash paid and payable to customers on behalf of principals as an agent during the period.

#### (b) Rent concessions received from lessors

The Group has received rent concessions from lessors in the form of rent forgiveness, which resulted in the reduction of total lease liabilities of approximately HK\$1,788,000.

#### (c) Government grants

The Group applied for various government support programs introduced in response to the global pandemic.

Included in profit or loss is HK\$10,063,000 of government grants obtained relating to supporting the payroll of the Group's employees. The Group had to commit to spend the assistance on payroll expenses, and not to reduce employee head count below prescribed levels for a specified period of time. The Group has elected to present this government grant separately, rather than reducing the related expense.

In addition, HK\$625,000 of government grants relating to one-off subsidy for the purpose of giving immediate financial support and cash incentives for travel agents are included in profit of loss.

### 4. ACCOUNTING POLICIES

The accounting policies and methods of computation that have been used in the preparation of the condensed consolidated interim financial statements are consistent with those used in the financial statements for the year ended 31 March 2020, except for the adoption of the new and amended Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations effective for the first time for annual periods beginning on 1 April 2020.

#### 4. ACCOUNTING POLICIES (Cont'd)

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

#### 5. USE OF JUDGEMENTS AND ESTIMATES

In preparing this condensed consolidated interim financial statements, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to 2020 annual financial statements.

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

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

	Six months ended 30 September	
	2020 (unaudited) HK\$'000	2019 (unaudited) HK\$'000
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>		
Provision of services relating to sales of travel/wedding related products (note)	2,269	78,671
Sales of package tours (note)	–	78,972
	<u>2,269</u>	<u>157,643</u>
<b>Revenue from other source</b>		
Rental income from investment properties	307	545
	<u>2,576</u>	<u>158,188</u>

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

	Six months ended 30 September	
	2020 (unaudited) HK\$'000	2019 (unaudited) HK\$'000
<b>Other income and gains</b>		
Rental income from a third party	184	168
Interest income on deposits in banks and financial institutions stated at amortised cost	88	1,013
Interest income on debt securities	–	93
Sponsorship and joint advertising income	635	3,753
Financial income on the net investment in a sub-lease agreement	11	41
Exchange gain	–	31
Dividend income from listed securities	31	113
Government grants	10,688	–
Gain on lease modifications	3,237	–
Gain on disposal of property, plant and equipment	3,830	–
Gain on disposal of investment properties	2,000	–
Sundry income	330	789
	<u>21,034</u>	<u>6,001</u>
<b>Total revenue, other income and gains</b>	<u>23,610</u>	<u>164,189</u>

Note:

### Total sales proceeds from customers

	Six months ended 30 September	
	2020 (unaudited) HK\$'000	2019 (unaudited) HK\$'000
Gross sales proceeds related to provision of service relating to sales of travel/wedding related products*	18,057	556,994
Sales of package tours	–	78,972
Total sales proceeds from customers	<u>18,057</u>	<u>635,966</u>

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

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

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

	30 September 2020 (Unaudited) HK\$'000	31 March 2020 (audited) HK\$'000
Trade receivables (note 14)	195	2,199
Contract liabilities	<u>7,468</u>	<u>13,661</u>

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 and package tours that had an original expected duration of one year or less.

### Disaggregation of revenue from contracts with customers

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

	Travel and travel/wedding related business Six months ended 30 September	
	2020 (unaudited) HK\$'000	2019 (unaudited) HK\$'000
<b>Geographical markets</b>		
Hong Kong	2,212	157,588
The People's Republic of China ("PRC") excluding Hong Kong	<u>57</u>	<u>55</u>
<b>Total revenue from contracts with customers</b>	<u>2,269</u>	<u>157,643</u>
<b>Major service lines</b>		
Provision of services relating sales of travel/wedding related products	2,269	78,671
Sales of package tours	<u>-</u>	<u>78,972</u>
<b>Total revenue from contracts with customers</b>	<u>2,269</u>	<u>157,643</u>
<b>Timing of revenue recognition</b>		
At a point in time	2,269	78,671
Transferred over time	<u>-</u>	<u>78,972</u>
<b>Total revenue from contracts with customers</b>	<u>2,269</u>	<u>157,643</u>

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

### Segment information

The executive directors have identified the Group's operating segments as follows. These operating segments are monitored and strategic decisions are made on the basis of adjusted segment operating results.

	Travel and travel/ wedding related business Six months ended 30 September		Rental income from investment properties Six months ended 30 September		Treasury activities Six months ended 30 September		Total Six months ended 30 September	
	2020 (unaudited)	2019 (unaudited)	2020 (unaudited)	2019 (unaudited)	2020 (unaudited)	2019 (unaudited)	2020 (unaudited)	2019 (unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Revenue</b>								
From external customers	2,269	157,643	307	545	-	-	2,576	158,188
<b>Reportable segment revenue</b>	<b>2,269</b>	<b>157,643</b>	<b>307</b>	<b>545</b>	<b>-</b>	<b>-</b>	<b>2,576</b>	<b>158,188</b>
<b>Reportable segment (loss)/profit</b>	<b>(13,527)</b>	<b>(5,727)</b>	<b>8</b>	<b>(2,298)</b>	<b>(96)</b>	<b>(678)</b>	<b>(13,615)</b>	<b>(8,703)</b>
Interest income	88	998	-	-	-	108	88	1,106
Changes in fair value of investment properties	-	-	(2,189)	(1,823)	-	-	(2,189)	(1,823)
Gain on disposal of investment properties	-	-	2,000	-	-	-	2,000	-
Finance costs	(338)	(901)	(36)	(38)	-	-	(374)	(939)
Dividend income	-	-	-	-	31	113	31	113
Depreciation on property, plant and equipment	(3,172)	(14,073)	(148)	(468)	-	-	(3,320)	(14,541)
Impairment loss on property, plant and equipment	(1,856)	(942)	-	-	-	-	(1,856)	(942)
Loss on disposal of financial assets/liabilities at fair value through profit or loss	-	-	-	-	(65)	(226)	(65)	(226)
Fair value gain/(loss) on financial assets/liabilities through profit or loss	-	-	-	-	2	(256)	2	(256)
Share of loss of an associate	-	(60)	-	-	-	-	-	(60)

	Travel and travel/ wedding related business		Rental income from investment properties		Treasury activities		Total	
	At 30 September 2020 (unaudited)	At 31 March 2020 (audited)	At 30 September 2020 (unaudited)	At 31 March 2020 (audited)	At 30 September 2020 (unaudited)	At 31 March 2020 (audited)	At 30 September 2020 (unaudited)	At 31 March 2020 (audited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Reportable segment assets</b>	<b>52,431</b>	<b>88,116</b>	<b>73,296</b>	<b>101,068</b>	<b>9,878</b>	<b>334</b>	<b>135,605</b>	<b>189,518</b>
Additions to non-current segment assets during the period/year	2,156	9,030	204	27	-	-	2,360	9,057
<b>Reportable segment liabilities</b>	<b>41,574</b>	<b>79,368</b>	<b>2,005</b>	<b>6,845</b>	<b>60</b>	<b>30</b>	<b>43,639</b>	<b>86,243</b>

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

### Segment information (Cont'd)

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

	Six months ended	
	30 September	
	2020	2019
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Reportable segment revenue	2,576	158,188
<b>Group revenue</b>	<b>2,576</b>	<b>158,188</b>
Reportable segment loss	(13,615)	(8,703)
Share of loss of associates	(828)	(692)
Other corporate expenses	(4,952)	(2,462)
<b>Loss before income tax</b>	<b>(19,395)</b>	<b>(11,857)</b>
	At	At
	30 September	31 March
	2020	2020
	(unaudited)	(audited)
	HK\$'000	HK\$'000
Reportable segment assets	135,605	189,518
Other corporate assets	615	9,413
<b>Group assets</b>	<b>136,220</b>	<b>198,931</b>
Reportable segment liabilities	43,639	86,243
Other corporate liabilities	815	1,657
<b>Group liabilities</b>	<b>44,454</b>	<b>87,900</b>

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

### Segment information (Cont'd)

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

	Revenue from external customers		Non-current assets	
	Six months ended		At 30	
	30 September		September	
	2020	2019	2020	At 31 March
	(unaudited)	(unaudited)	(unaudited)	2020
	HK\$'000	HK\$'000	HK\$'000	(audited)
				HK\$'000
Hong Kong (domicile)	2,519	158,133	4,225	117,326
The PRC excluding Hong Kong	57	55	31	50
	<u>2,576</u>	<u>158,188</u>	<u>4,256</u>	<u>117,376</u>

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

Most of the revenue of the Group are derived from Hong Kong. The Group has a large number of customers, and no significant revenue was derived from specific external customers for the periods.



## 7. LOSS FROM OPERATIONS

	Six months ended 30 September	
	2020 (unaudited) HK\$'000	2019 (unaudited) HK\$'000
Loss from operations is arrived at after charging/(crediting):		
Depreciation expenses of:		
– owned property, plant and equipment*	1,084	1,859
– right-of-use assets included within:**		
– office equipment	128	128
– leasehold land and buildings	142	437
– other properties leased for own use	1,966	12,117
	<b>3,320</b>	14,541
(Gain)/loss on disposal of:		
– right-of-use assets included within:		
– leasehold land and buildings	(3,830)	–
– other properties leased for own use	–	256
– investment properties	(2,000)	–
– an associate	3,527	–
	<b>(2,303)</b>	256
Impairment loss on:		
– owned property, plant and equipment	125	8
– right-of-use assets included within other properties leased for own use	1,731	934
– assets classified as held for sale	2,984	–
	<b>4,840</b>	942
Net foreign exchange loss/(gain)	100	(31)
Short-term lease expenses	872	5,056
Variable lease payments not included in the measurement of lease liabilities	20	49
Staff costs (including Directors' remuneration)		
– salaries	19,528	60,468
– retirement scheme contribution	886	2,533
	<b>20,414</b>	63,001



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

- \* Depreciation expenses of owned property, plant and equipment have been included in:
- selling and distribution costs of approximately HK\$1,000 for the six months ended 30 September 2020 (six months ended 30 September 2019: HK\$638,000); and
  - administrative expenses of approximately HK\$1,083,000 for the six months ended 30 September 2020 (six months ended 30 September 2019: HK\$1,221,000).
- \*\* Depreciation expenses of right-of-use assets have been included in:
- selling and distribution costs of Nil for the six months ended 30 September 2020 (six months ended 30 September 2019: HK\$9,670,000); and
  - administrative expenses of approximately HK\$2,236,000 for the six months ended 30 September 2020 (six months ended 30 September 2019: HK\$3,012,000).

## 8. FINANCE COSTS

	Six months ended 30 September 2020 (unaudited) HK\$'000	2019 (unaudited) HK\$'000
Interests on bank borrowing	36	38
Interest on lease liabilities	338	901
	<u>374</u>	<u>939</u>

## 9. INCOME TAX EXPENSE

	Six months ended 30 September 2020 (unaudited) HK\$'000	2019 (unaudited) HK\$'000
<b>Current tax – Hong Kong</b>		
Tax for the period	82	153
Deferred tax	(52)	(66)
	<u>30</u>	<u>87</u>



## 9. INCOME TAX EXPENSE (Cont'd)

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (the "BVI"), the Group is not subject to any taxation under the jurisdiction of the Cayman Islands and the BVI during the six months ended 30 September 2019 and 2020 respectively.

Hong Kong profits tax is calculated at 16.5% on the estimated assessable profits for the six months ended 30 September 2019 and 2020, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered profits tax rate regime and is calculated at 8.25% on the first HK\$2 million of estimated assessable profits and at 16.5% for the portion of the estimated assessable profits above HK\$2 million.

Subsidiaries of the Company established in the PRC is subjected to PRC enterprise income tax at the rate of 25%. No PRC enterprise income tax has been provided as there is no assessable profit arising in the PRC for the period.

## 10. LOSS PER SHARE

The calculation of the basic loss per share is based on the loss for the period attributable to owners of the Company of approximately HK\$19,423,000 (six months ended 30 September 2019: HK\$12,192,000) and the weighted average number of ordinary shares in issue of 509,859,000 (six months ended 30 September 2019: 509,859,000) during the period.

Diluted loss per share is the same as basic loss per share as there were no potential dilutive ordinary shares outstanding during the periods.

## 11. INTERIM DIVIDEND

The Directors do not recommend the payment of any interim dividend for the six months ended 30 September 2020 (six months ended 30 September 2019: Nil).

## 12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2020, the Group incurred capital expenditures of approximately HK\$115,000 (six months ended 30 September 2019: HK\$390,000) in leasehold improvements, approximately HK\$32,000 (six months ended 30 September 2019: HK\$298,000) in office equipment, and Nil (six months ended 30 September 2019: HK\$7,000) in furniture and fixtures. Items of leasehold land and buildings with a net book value of HK\$14,958,000 were disposed of during the six months ended 30 September 2020 (six months ended 30 September 2019: Nil).

In addition, the Group has entered into several leases for premises in Hong Kong during the six months ended 30 September 2020. Right-of-use assets included within other properties leased for own use amounted to HK\$1,731,000 has been recognised for the current period.



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

During the six months ended 30 September 2020, losses on travel and travel/wedding related business segment caused the Group to assess the recoverable amount of the property, plant and equipment. Based on the assessment, an impairment loss of approximately HK\$1,856,000 (six months ended 30 September 2019: HK\$942,000) was recognised and charged to the consolidated statement of comprehensive income for six months ended 30 September 2020. The recoverable amounts of these property, plant and equipment using value in use calculation were determined by the discounted cash flows generated from these travel and travel related and wedding related business based on a management budget plan and a pre-tax discount rate ranged from 12% to 22% (six months ended 30 September 2019: 8%).

## 13. INVESTMENT PROPERTIES

	30 September 2020 (unaudited) HK\$'000	31 March 2020 (audited) HK\$'000
At beginning of the period/year	84,900	88,800
Additions	189	23
Disposals	(6,900)	–
Changes in fair value of investment properties	(2,189)	(3,923)
Classified as asset held for sale (note 20)	(76,000)	–
At end of the period/year	–	84,900

### 13. INVESTMENT PROPERTIES (Cont'd)

The fair value of the Group's investment properties classified as asset held for sale as at 30 September 2020 and investment properties as at 31 March 2020 was arrived at on the basis of the valuation carried out as at that date by B.I. Appraisals Limited, an independent qualified professional valuer not connected to the Group. B.I. Appraisals Limited is a member of the Hong Kong Institute of Surveyors, and has appropriate qualifications and recent experience in the valuation of properties in the relevant location.

	Valuation technique	Significant unobservable inputs	30 September 2020 range	31 March 2020 range
Commercial properties	Investment method	Market monthly rental rate taking into account of individual factors such as location, environment, age, accessibility, floor, size, etc. (HK\$/square feet)	N/A	HK\$25 to HK\$40
		Reversionary yield	N/A	1.3% to 3.0%
Industrial properties	Investment method	Market monthly rental rate taking into account of individual factors such as location, environment, age, accessibility, floor, size, etc. (HK\$/square feet)	HK\$24.4 to HK\$31.1	HK\$17 to HK\$26
		Reversionary yield	3.1% to 3.5%	3.2% to 3.7%

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

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

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

	2020 HK\$'000
At 1 April	84,900
Additions	189
Disposals	(6,900)
Changes in fair value of investment properties	(2,189)
Classified as asset held for sale (note 20)	(76,000)
At 30 September	—
Changes in fair value for the period included in profit or loss for the assets held at 30 September	(2,189)



## 14. TRADE RECEIVABLES

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

	<b>30 September 2020 (unaudited) HK\$'000</b>	31 March 2020 (audited) HK\$'000
0 – 30 days	102	1,420
31 – 90 days	5	315
Over 90 days	<u>88</u>	<u>464</u>
	<u><b>195</b></u>	<u>2,199</u>

The Group has a policy of allowing customers with credit periods normally within 30 days. Overdue balances are reviewed regularly by the Group's management.

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

	<b>30 September 2020 (unaudited) HK\$'000</b>	31 March 2020 (audited) HK\$'000
<b>Financial assets at fair value through profit or loss:</b>		
Equity securities held for trading, listed in Hong Kong	8,810	–
Derivative financial instruments – Hang Seng Index future contract	<u>18</u>	<u>–</u>
	<u><b>8,828</b></u>	<u>–</u>

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

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

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

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

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

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

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

	30 September 2020			Total HK\$'000 (unaudited)
	Level 1 HK\$'000 (unaudited)	Level 2 HK\$'000 (unaudited)	Level 3 HK\$'000 (unaudited)	
<b>Financial assets at fair value through profit or loss</b>				
– listed equity securities	8,810	–	–	8,810
– derivatives	18	–	–	18
<b>Total</b>	<b>8,828</b>	<b>–</b>	<b>–</b>	<b>8,828</b>

There were no transfers between levels during the period.

Financial instruments not measured at fair value include trade receivables, deposits and other receivables, lease receivables, amount due from/to associates, pledged deposits, cash and cash equivalents, trade and other payables and bank borrowings. The carrying amounts of these financial instruments carried at amortised cost are not materially different from their fair values as at 30 September 2020 and 31 March 2020.



## 16. CASH AND CASH EQUIVALENTS

	30 September 2020 (unaudited) HK\$'000	31 March 2020 (audited) HK\$'000
Cash deposits in banks and financial institutions	11,873	23,273
Short-term deposits in banks	20,000	20,851
Cash and cash equivalents	31,873	44,124

## 17. TRADE PAYABLES

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

	30 September 2020 (unaudited) HK\$'000	31 March 2020 (audited) HK\$'000
0 – 30 days	1,168	9,211
31 – 90 days	597	3,568
Over 90 days	5,882	5,808
	7,647	18,587

## 18. BANK BORROWING

	30 September 2020 (unaudited) HK\$'000	31 March 2020 (audited) HK\$'000
<b>Secured bank borrowing:</b>		
– portion due for repayment within one year	–	499
– portion due for repayment after one year which contains a repayable on demand clause	–	2,427
	–	2,926



## 18. BANK BORROWING (Cont'd)

As at 31 March 2020, the Group's interest-bearing bank borrowing of approximately HK\$2,926,000 bore interest at a floating rate of 3.1% per annum below Hong Kong Dollar Prime Rate. The current liabilities included bank borrowing of approximately HK\$2,427,000 that was not scheduled for repayment within one year. They were classified as current liabilities as the related loan agreements contain a clause that provides the lenders with an unconditional right to demand repayment at any time at their own discretion.

The Group's interest-bearing bank borrowing was secured by the corporate guarantee provided by the Company and the Group's leasehold land and buildings of approximately HK\$15,100,000 and an investment property of approximately HK\$6,900,000 as at 31 March 2020.

## 19. SHARE CAPITAL

	30 September 2020		31 March 2020	
	Number of shares '000	Amount (unaudited) HK\$'000	Number of shares '000	Amount (audited) HK\$'000

### Authorised:

Ordinary shares of HK\$0.01 each	<u>2,000,000</u>	<u>20,000</u>	<u>2,000,000</u>	<u>20,000</u>
----------------------------------	------------------	---------------	------------------	---------------

### Issued and fully paid:

Ordinary shares of HK\$0.01 each	<u>509,859</u>	<u>5,099</u>	<u>509,859</u>	<u>5,099</u>
----------------------------------	----------------	--------------	----------------	--------------

## 20. ASSETS CLASSIFIED AS HELD FOR SALE/LIABILITIES ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE

On 22 July 2020, the Group entered into a provisional sale and purchase agreement with an independent third party (the "Purchaser") pursuant to which the Group agreed to sell and the Purchaser agreed to purchase 100% of the equity interest of Champion Gate Limited, an indirect wholly-owned subsidiary of the Company. The details of the transaction were set out in the circular of the Company dated 21 August 2020.

## 20. ASSETS CLASSIFIED AS HELD FOR SALE/LIABILITIES ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE

(Cont'd)

Champion Gate Limited is principally engaged in investment holding and property holding. As at 30 September 2020, the assets and liabilities attributable to Champion Gate Limited, which were expected to be sold within twelve months from the reporting date, have been classified as assets classified as held for sale and liabilities associated with assets classified as held for sale and are presented separately in the consolidated statement of financial position. Subsequent to the six months ended 30 September 2020, the disposal of Champion Gate Limited was completed.

	30 September 2020 (unaudited) HK\$'000
<b>Assets classified as held for sale:</b>	
Investment properties	73,031
Prepayments, deposits and other receivables	158
Cash and cash equivalents	6
	<u>73,195</u>
<b>Liabilities associated with assets classified as held for sale:</b>	
Accrued charges, deposits received and other payables	95

## 21. COMMITMENTS

### Operating lease commitments

#### As lessor

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

	30 September 2020 (unaudited) HK\$'000	31 March 2020 (audited) HK\$'000
Within one year	<u>–</u>	<u>480</u>

#### Capital commitment

As at 30 September 2020, the Group's commitments in respect of capital expenditure were contracted but not provided for the acquisition of property, plant and equipment of approximately HK\$82,000 (31 March 2020: HK\$211,000).

## 22. RELATED PARTY TRANSACTIONS

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

### (a) Significant related party transactions

	Six months ended 30 September	
	2020 (unaudited) HK\$'000	2019 (unaudited) HK\$'000
Rental expenses paid to an associate	–	404
Rental expenses paid to a related company	<u>70</u>	<u>–</u>

Notes:

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

### (b) Compensation of key management personnel

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

	Six months ended 30 September	
	2020 (unaudited) HK\$'000	2019 (unaudited) HK\$'000
Short-term employee benefits	480	1,916
Retirement scheme contribution	<u>11</u>	<u>26</u>
	<u>491</u>	<u>1,942</u>