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Travel Expert (Asia) Enterprises Limited

專業旅運（亞洲）企業有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1235)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2023

FINANCIAL HIGHLIGHTS

- Total customer sales proceeds for the year was HK\$186.8 million, representing an increase of 285.2% from HK\$48.5 million for the last year.
- Revenue for the year was HK\$40.3 million, representing an increase of 291.3% from HK\$10.3 million for the last year.
- The loss for the year attributable to the owners of the Company was HK\$2.2 million (2022: HK\$17.9 million).
- Loss per share attributable to owners of the Company for the year was HK0.4 cents, (2022: HK3.5 cents).
- The Board has resolved not to recommend the payment a final dividend for the year ended 31 March 2023 (2022: Nil).

ANNUAL RESULTS

The board (the “Board”) of directors (the “Directors”) of Travel Expert (Asia) Enterprises Limited (the “Company”) presents the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 March 2023 together with comparative figures.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2023

	Notes	2023 HK\$'000	2022 HK\$'000
Revenue	4	40,270	10,278
Cost of sales		<u>(18,204)</u>	<u>(4,727)</u>
Gross profit		22,066	5,551
Other income and gains	4	12,314	7,948
Selling and distribution costs		(15,945)	(9,041)
Administrative and other operating expenses		(21,465)	(20,894)
Fair value gain/(loss) on financial assets/liabilities at fair value through profit or loss		<u>1,063</u>	<u>(1,307)</u>
Loss from operations	5	(1,967)	(17,743)
Finance costs	6	<u>(256)</u>	<u>(394)</u>
Loss before income tax		(2,223)	(18,137)
Income tax credit	7	<u>18</u>	<u>214</u>
Loss for the year		<u>(2,205)</u>	<u>(17,923)</u>
Other comprehensive income <i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations		<u>(37)</u>	<u>17</u>
Other comprehensive income for the year		<u>(37)</u>	<u>17</u>
Total comprehensive income for the year		<u>(2,242)</u>	<u>(17,906)</u>

	<i>Notes</i>	2023 HK\$'000	2022 <i>HK\$'000</i>
Loss for the year attributable to:			
Owners of the Company		(2,204)	(17,921)
Non-controlling interests		(1)	(2)
		<u>(2,205)</u>	<u>(17,923)</u>
Total comprehensive income for the year attributable to:			
Owners of the Company		(2,241)	(17,904)
Non-controlling interests		(1)	(2)
		<u>(2,242)</u>	<u>(17,906)</u>
Loss per share attributable to owners of the Company			
– Basic	<i>9</i>	HK(0.4) cents	HK(3.5) cents
– Diluted		HK(0.4) cents	HK(3.5) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2023

	<i>Notes</i>	2023 HK\$'000	2022 <i>HK\$'000</i>
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		5,820	2,582
Intangible assets		594	–
Prepayments and deposits		3,110	1,920
		9,524	4,502
Current assets			
Inventories		2,067	2,266
Trade receivables	<i>10</i>	71	253
Prepayments, deposits and other receivables		8,540	7,108
Financial assets at fair value through profit or loss		–	2,200
Pledged deposits		10,958	5,014
Time deposits with original maturity over three months		22,877	2,400
Cash and cash equivalents		51,324	66,244
		95,837	85,485
Current liabilities			
Trade payables	<i>11</i>	15,669	4,332
Accrued charges and other payables		10,740	10,483
Contract liabilities		11,546	4,404
Lease liabilities		5,350	5,564
Provision for tax		–	4
Provisions		152	–
		43,457	24,787
Net current assets		52,380	60,698
Total assets less current liabilities		61,904	65,200

	<i>Notes</i>	2023 HK\$'000	2022 <i>HK\$'000</i>
Non-current liabilities			
Lease liabilities		2,137	4,042
Provisions		172	–
		<u>2,309</u>	<u>4,042</u>
Net assets		<u>59,595</u>	<u>61,158</u>
EQUITY			
Equity attributable to owners of the Company			
Share capital	<i>12</i>	5,099	5,099
Reserves		54,321	55,883
		<u>59,420</u>	60,982
Non-controlling interests		<u>175</u>	<u>176</u>
Total equity		<u>59,595</u>	<u>61,158</u>

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

For the year ended 31 March 2023

1. GENERAL INFORMATION

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 provision of services relating to sales of travel/wedding related products, sales of package tours, food and beverage and investment in treasury activities.

2. BASIS OF PREPARATION

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 issued by 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 Group recorded a loss of approximately HK\$2,205,000 for the year ended 31 March 2023. The COVID-19 pandemic had begun in early 2020 still had a negative impact on the Group’s financial performance for the year, in particular for the entry restrictions, quarantine requirements, visa suspension implemented by different jurisdictions for visitors across the world. However, starting from the last quarter of 2022, these restrictions and requirements were gradually cancelled or lift up in many countries. Since then, the performance of the Group has improved, and the number of customers has started to rebound. Given the major hurdle affecting the Group’s business performance no longer existed and considering that the Group had sufficient financial resources to support future operations and continue as a going concern, accordingly, the Directors considered that it is appropriate to prepare the Group’s consolidated financial statements on a going concern basis.

3. ADOPTION OF AMENDED HKFRSs

(a) Adoption of amended HKFRSs – effective 1 April 2022

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 consolidated financial statements for the annual period beginning on 1 April 2022.

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvements to HKFRSs 2018-2020	Amendments to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards, HKFRS 9 Financial Instruments, HKFRS16 Leases and HKAS 41 Agriculture

The adoption of the above amended HKFRSs did not have any significant impact on the preparation of these consolidated financial statements.

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

The following new and amended 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.

HKFRS 17	Insurance Contracts and the related amendments ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ²
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current ²
Amendments to HKAS 1	Non-current liabilities with Covenants ²
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ²
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ¹
Amendments to HKAS 8	Definition of Accounting Estimates ¹
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹

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

² Effective for annual periods beginning on or after 1 January 2024

³ No mandatory effective date yet determined but available for adoption

The Directors anticipate that the adoption of these new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

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

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Revenue from contracts with customers within the scope of HKFRS 15:		
Provision of services relating to sales of travel/wedding related products (<i>note a</i>)	19,692	6,959
Sales of package tours (<i>note a</i>)	16,695	1,271
Sales of frozen food and groceries (<i>note a</i>)	–	217
Sales of food and beverage (<i>note a</i>)	3,883	1,831
	<u>40,270</u>	<u>10,278</u>
Other income and gains		
Interest income on deposits in banks and financial institutions measured at amortised cost	1,272	1,104
Dividend income from listed securities	74	30
Exchange gains	–	1,065
Sponsorship and joint advertising income	198	33
Government grants	2,358	4,118
COVID-19 related rent concession	120	506
Gain on lease modifications	4,167	170
Gain on disposal of property, plant and equipment	–	154
Sundry income	4,125	768
	<u>12,314</u>	<u>7,948</u>

Note:

(a) Customer sales proceeds received/receivable during the year

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Gross sales proceeds related to provision of services relating to sales of travel/wedding related products*	166,173	45,156
Sales of package tours	16,695	1,271
Sales of frozen food and groceries	–	217
Sales of food and beverage	3,883	1,831
	<hr/>	<hr/>
Total customer sales proceeds	186,751	48,475
	<hr/> <hr/>	<hr/> <hr/>

* *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.*

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.

For the year ended 31 March 2023, the Group's operating segments include (i) Travel and travel/wedding related business; (ii) Food and beverage business and (iii) Treasury activities (2022: (i) Travel and travel/wedding related business; (ii) Food and beverage business; (iii) Treasury activities; and (iv) Others). The Group discontinued its business of sales of frozen food and groceries under the segment of others during the year ended 31 March 2022.

	Travel and travel/ wedding related business		Food and beverage business		Treasury activities		Others		Inter-segment elimination		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	36,387	8,230	3,883	1,831	-	-	-	217	-	-	40,270	10,278
Inter-segment revenue	-	-	3	-	-	-	-	-	(3)	-	-	-
Reportable segment revenue	36,387	8,230	3,886	1,831	-	-	-	217	(3)	-	40,270	10,278
Reportable segment loss	(3,469)	(10,165)	(2,951)	(4,774)	(492)	(804)	-	(344)	-	-	(6,912)	(16,087)
Interest income	44	215	-	-	749	828	-	-	-	-	793	1,043
Finance costs	(83)	(320)	(91)	(74)	-	-	-	-	-	-	(174)	(394)
Dividend income	-	-	-	-	74	30	-	-	-	-	74	30
Amortisation of intangible assets	(119)	-	-	-	-	-	-	-	-	-	(119)	-
Depreciation of property, plant and equipment	(1,284)	(92)	(985)	(1,141)	-	-	-	(67)	-	-	(2,269)	(1,300)
Impairment loss on property, plant and equipment	-	(122)	(1,447)	(2,950)	-	-	-	-	-	-	(1,447)	(3,072)
Written off of prepayments, deposits and other receivables	-	(1,435)	-	-	-	-	-	-	-	-	-	(1,435)
Fair value gain/(loss) on financial assets/liabilities at fair value through profit or loss	-	-	-	-	1,063	(1,307)	-	-	-	-	1,063	(1,307)
Additions to non-current segment assets during the year	4,644	751	118	6,441	-	-	-	-	-	-	4,762	7,192
Reportable segment assets	36,107	16,764	892	3,324	40,070	46,696	-	133	-	-	77,069	66,917
Reportable segment liabilities	40,883	24,899	2,398	3,819	19	19	-	22	-	-	43,300	28,759

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:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Reportable segment revenue	<u>40,270</u>	<u>10,278</u>
Group revenue	<u>40,270</u>	<u>10,278</u>
Reportable segment loss	(6,912)	(16,087)
Corporate income/(expenses)	<u>4,689</u>	<u>(2,050)</u>
Loss before income tax	<u>(2,223)</u>	<u>(18,137)</u>
Reportable segment assets	77,069	66,917
Corporate assets	<u>28,292</u>	<u>23,070</u>
Group assets	<u>105,361</u>	<u>89,987</u>
Reportable segment liabilities	43,300	28,759
Corporate liabilities	<u>2,466</u>	<u>70</u>
Group liabilities	<u>45,766</u>	<u>28,829</u>

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	
	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Hong Kong (domicile)	40,246	10,264	7,457	3,098
The People's Republic of China ("PRC") excluding Hong Kong	<u>24</u>	<u>14</u>	<u>–</u>	<u>–</u>
	<u>40,270</u>	<u>10,278</u>	<u>7,457</u>	<u>3,098</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 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 2023 and 2022.

5. LOSS FROM OPERATIONS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Loss from operations is arrived at after charging/(crediting):		
Auditor's remuneration	500	500
Depreciation of property, plant and equipment:		
– Owned property, plant and equipment*	583	466
– Properties and office equipment leased for own use**	2,747	834
	<u>3,330</u>	<u>1,300</u>
Loss/(gain) on disposal of property, plant and equipment:		
– Owned property, plant and equipment	39	(105)
– Properties and office equipment leased for own use	–	(49)
	<u>39</u>	<u>(154)</u>
Impairment losses on property, plant and equipment:		
– Owned property, plant and equipment***	551	1,475
– Properties and office equipment leased for own use****	1,290	1,597
	<u>1,841</u>	<u>3,072</u>
Amortisation of intangible assets	119	–
Written off of prepayments, deposits and other receivables	–	1,435
Net foreign exchange loss/(gain)	1,418	(1,065)
Short-term leases expenses	122	225
Variable lease payments not included in the measurement of lease liabilities	117	60
Staff costs (excluding directors' remuneration):		
– Salaries and other benefits	20,742	13,009
– Share-based payments	635	585
– Retirement scheme contribution	772	539
	<u>22,149</u>	<u>14,133</u>

* Depreciation expenses of owned property, plant and equipment have been included in:

- cost of sales of approximately HK\$352,000 (2022: HK\$307,000) for the year;
- selling and distribution costs of approximately HK\$56,000 (2022: HK\$67,000) for the year; and
- administrative and other operating expenses of approximately HK\$175,000 (2022: HK\$92,000) for the year.

** Depreciation expenses of properties and office equipment leased for own use have been included in:

- cost of sales of approximately HK\$633,000 (2022: HK\$715,000) for the year;
- selling and distribution costs of approximately HK\$1,228,000 (2022: nil) for the year; and
- administrative and other operating expenses of approximately HK\$886,000 (2022: HK\$119,000) for the year.

*** Impairment losses of owned property, plant and equipment have been included in administrative and other operating expenses of approximately HK\$551,000 (2022: HK\$1,475,000) for the year.

**** Impairment losses of properties and office equipment leased for own use have been included in administrative and other operating expenses of approximately HK\$1,290,000 (2022: HK\$1,597,000) for the year.

6. FINANCE COSTS

	2023 HK\$'000	2022 <i>HK\$'000</i>
Interest on lease liabilities	<u>256</u>	<u>394</u>

7. INCOME TAX CREDIT

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

	2023 HK\$'000	2022 <i>HK\$'000</i>
Current tax – Hong Kong		
– Over provision in respect of prior years	<u>(18)</u>	<u>(214)</u>

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (the “BVI”), the Group is not subject to any taxation under the jurisdiction of the Cayman Islands and the BVI during the years ended 31 March 2023 and 2022.

Hong Kong profits tax is calculated at 16.5% on the estimated assessable profits for the years ended 31 March 2023 and 2022, 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 2023 and 2022.

8. DIVIDENDS

The directors do not recommend the payment of any dividend for the year ended 31 March 2023 (2022: Nil).

9. 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\$2,204,000 (2022: HK\$17,921,000) and 509,859,000 (2022: 509,859,000) weighted average number of ordinary shares in issue during the year.

The computation of diluted loss per share does not assume the exercise of the Company’s share options for the years ended 31 March 2023 and 2022 as the adjusted exercise price of the Company’s share options was higher than the average market price for shares during the periods when those options are outstanding.

10. TRADE RECEIVABLES

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:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
0-30 days	71	169
31-90 days	–	22
Over 90 days	–	62
	<u>71</u>	<u>253</u>

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

11. 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:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
0-30 days	10,717	841
31-90 days	2,324	137
Over 90 days	2,628	3,354
	<u>15,669</u>	<u>4,332</u>

12. SHARE CAPITAL

	Number of shares '000	Amount <i>HK\$'000</i>
<i>Authorised:</i>		
Ordinary shares of HK\$0.01 each At 1 April 2021, 31 March 2022, 1 April 2022 and 31 March 2023	<u>2,000,000</u>	<u>20,000</u>
<i>Issued and fully paid:</i>		
Ordinary shares of HK\$0.01 each At 1 April 2021, 31 March 2022, 1 April 2022 and 31 March 2023	<u>509,859</u>	<u>5,099</u>

DIVIDEND

The Board has resolved not to recommend the payment of a final dividend for the year ended 31 March 2023 (2022: Nil).

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

The register of members of the Company will be closed from 14 August 2023 to 17 August 2023, both days inclusive, for the purpose of determining the entitlement to attend and vote at the annual general meeting (“AGM”) scheduled to be held on 17 August 2023. 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 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on 11 August 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

For the year ended 31 March 2023, the business operations and financial performance of the Group continued to be adversely affected by the Coronavirus Disease 2019 (“COVID-19”) pandemic. With the eased pandemic controls, travel industry experienced a rebound in performance in the second half of the year. During the year, the Group recorded a loss attributable to owners of the Company of HK\$2.2 million, as compared with the loss attributable to owners of the Company of HK\$17.9 million for the previous year. The Group’s total customer sales proceeds was HK\$186.8 million, representing an increase of 285.2% as compared with HK\$48.5 million for the previous year. The total revenue was HK\$40.3 million, representing an increase of 291.3% as compared with HK\$10.3 million for the previous year.

Overall, the Group’s loss for the year was HK\$2.2 million, compared with the loss of HK\$17.9 million for the previous year. Loss per share attributable to owners of the Company for the year was HK0.4 cents (2022: HK3.5 cents). The Board has resolved not to recommend the payment of a final dividend for the year ended 31 March 2023 (2022: 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 operating environment remained challenging due to the persistency of the COVID-19 pandemic. Fortunately, in the second half of the year, cancellation of restrictions of cross-border travel caused a gradual recovery for travel industry. With the released social distance and restrictions measures, this business line recorded a significant improvement in business performance. During the year, we strived to boosted sales by providing a wide variety of local hotel packages to cater for customers’ different preferences and 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. When the market showed signs of recovery, we invest resources to increase frontline staff and shop network to capture the business opportunity.

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, staycation packages and etc. During the year, we continued to invest resources in enhancing this online trading platform and backend system support. Through this sales channel, the Group promoted a wide range of local hotel packages and one-day local tours to enable customers to enjoy vacations or visiting local attractions amid times of combating the pandemic. Furthermore, we also launched different travelling packages when the pandemic travel restrictions were eased. 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 impacted by the COVID-19 pandemic. To overcome the effect from COVID-19, this business line continued to offer a wide range of services and activities of local one-day tours with different attractions to enable customers to enjoy domestic leisure experiences. In view of the easing of travel restriction measures and resuming of business and social activities, having halted the outbound package tours since mid-March 2020, this business line launched its first package tour to Germany in October 2022. Since then, other long-haul package tours to countries in, such as, Northern Europe, Mediterranean Sea, South American and Iceland and etc. have been launched and well received by customers. Recently, this business line started to explore exotic destinations and cultural tour routes to enable customer to enjoy dynamic cultural differences and diversity of travelling experiences. In March 2023, it organized a package tour to Tibet with luxury accommodation and dinning experience to customers. Other package tours to destinations with unique cultural landmark and landscape will be launched gradually. The management will continuously monitor the market development and to catch up any opportunities arose in the market.

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 gain on financial assets/liabilities at fair value through profit or loss of HK\$1.1 million (2022: loss of HK\$1.3 million). 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 performance of the food and beverage business under the brand name of "Café Another" was not satisfactory. The management continued to enhance its service and food variety and quality so as to boost sales. We also adapted flexible measures and strategies to navigate the challenging operating environment.

FINANCIAL REVIEW

Other Income and Gains

Total other income and gains increased by HK\$4.4 million from HK\$7.9 million for the previous year to HK\$12.3 million for the year. Such increase was primarily due to the significant increase in gain on lease modifications from HK\$170,000 to HK\$4.2 million, the increase in gain on derecognition of financial liabilities from HK\$463,000 to HK\$3.7 million as the obligation is discharged.

Selling and Distribution Costs

For the year ended 31 March 2023, selling and distribution costs amounted to HK\$15.9 million, representing a significant increase of 76.7% from HK\$9.0 million for the previous year.

The increase of selling and distribution costs was mainly due to increase of frontline staff cost that was contributed by the increase of frontline headcounts and sales commission expenses and other staff costs. The Group continued to face the challenging operating environment caused by COVID-19 in the first half of the year. In the second half of the year, the gradual resumption of cross-border travel and cancellation of quarantine measures in Hong Kong boosted the sales of travel and travel related business. Therefore, we opened 4 new shops to grab the opportunity in the market recovery. Nevertheless, the Group carried out prudent financial management 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 2023, the Group operated a total of 8 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 and Other Operating Expenses

For the year ended 31 March 2023, administrative and other operating expenses amounted to HK\$21.5 million, representing an increase of 2.9% from HK\$20.9 million for the last year, which was mainly due to the increase 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 maintain the overall administrative and other operating expenses at a reasonable level. In order to retain our strength through managing our costs and working capital by preserving cash during the COVID-19 pandemic, the Group adopted strict cost control measures on administrative expenses by better allocation of back office resources and streamlining working process.

Finance Costs

Finance costs of the Group for the year was HK\$256,000, which was related to the interest on lease liabilities (2022: HK\$394,000).

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 year ended 31 March 2023, the Group had an operating cash inflow of HK\$17.6 million (2022: cash outflow of HK\$7.6 million) and the net assets value was HK\$59.6 million (2022: HK\$61.2 million). Including the time deposits with original maturity over three months, the Group had total cash and cash equivalents of HK\$74.2 million as at 31 March 2023 (as at 31 March 2022: HK\$68.6 million). As at 31 March 2023, the Group did not have a portfolio of financial assets at fair value through profit or loss (as at 31 March 2022: HK\$2.2 million).

As at 31 March 2023 and 2022, the Group did not have any outstanding bank borrowing.

Contingent Liabilities

The Group did not have any contingent liabilities as at 31 March 2023.

Capital Commitments and Other Commitments

As at 31 March 2023, the Group had commitments in respect of capital expenditure were contracted but not provided for the acquisition of property, plant and equipment of HK\$711,000 (as at 31 March 2022: HK\$172,000) and the total future lease payment for lease committed but not yet commenced over the non-cancellable period of HK\$2.4 million (as at 31 March 2022: nil).

Pledge of Assets

As at 31 March 2023, the Group's bank deposits of nil (2022: HK\$639,000) and HK\$11.0 million (2022: HK\$4.4 million) were pledged to a broker and banks, respectively to secure derivative financial instruments and banking facilities granted to the Group, respectively.

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 2023, the Group record exchange loss of HK\$1.4 million (2022: exchange gain of HK\$1.1 million).

Human Resources and Employee's Remuneration

As at 31 March 2023, the Group had a total workforce of 114 (as at 31 March 2022: 92), of which about 56.1% 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. The Group granted share options to certain eligible persons and Directors of the Company. The Share Option Scheme was terminated on 29 September 2022 and the options granted prior to the termination remain valid for exercise. The remuneration policy will be reviewed by the Board from time to time. Emoluments of Directors are determined by the Remuneration Committee after considering the Group's operating results, individual performance and comparing with market conditions.

OUTLOOK

The global economy has continued to recover and the cancellation of travel restrictions across the world brought the resumption of the cross-border travel. There is a strong upward trend in the demand of travel products. However, the operating environment for travel industry will remain tough as notable challenges are already in place. The shortage of experienced frontline staff caused loss of customers to competitors. The increasing shop rental hindered expansion of sales network. The high airfares and hotel room rates constrain travel demand. Various uncertainties, such as geopolitical tensions and China-US relations, have cast economic uncertainty and consumers are cautious about travelling budget.

The Group will continue to monitor closely the market development and take flexible measures and strategies to catch up with the the latest market trends. We will actively seek for business opportunities to enhance the Group's earning capability. While investing in frontline staff and new leases as well as enhancing online sales channel, the Group will adhere to prudent financial management to control the cost effectiveness and enhance operation efficiency. The Group will also continue to enhance our competitiveness and ability to be more resilient and achieve sustainable business growth. We believe with our dedicated staff members and management team, the Group is well positioned to overcome the challenges ahead and maintain the leading market position so as to create long-term value for shareholders.

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

During the year ended 31 March 2023, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

During the year ended 31 March 2023, the Company has complied with all the code provisions set out in the Corporate Governance Code in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

REVIEW OF ANNUAL RESULTS

The Audit Committee has reviewed and discussed with the management and the Company's external auditors the annual results of the Group for the year ended 31 March 2023.

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 March 2023 have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on this preliminary announcement.

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 for the year ended 31 March 2023.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement of the Group for the year ended 31 March 2023 is published on the websites of the Stock Exchange at www.hkexnews.hk and the Company at www.tegroup.com.hk. The annual report will be published on the same websites and dispatched to shareholders in due course.

By order of the Board
Travel Expert (Asia) Enterprises Limited
Ko Wai Ming, Daniel
Chairman

Hong Kong, 28 June 2023

As at the date of this announcement, the Executive Directors of the Company are Mr. Ko Wai Ming, Daniel and Ms. Cheng Hang Fan; and the Independent Non-executive Directors of the Company are Mr. Chau Kwok Wing, Kelvin, Mr. Mak King Sau and Mr. Tse Kam Tim.