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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 2024

FINANCIAL HIGHLIGHTS

- Total customer sales proceeds for the year was HK\$476.3 million, representing an increase of 155.0% from HK\$186.8 million for the last year.
- Revenue for the year was HK\$162.2 million, representing an increase of 302.5% from HK\$40.3 million for the last year.
- The profit for the year attributable to the owners of the Company was HK\$9.0 million (2023: Loss attributable to the owners of the Company of HK\$2.2 million).
- Earnings per share attributable to owners of the Company for the year was HK1.8 cents (2023: Loss per share of HK0.4 cents).
- The Board has resolved to recommend the payment a final dividend of HK0.7 cents per ordinary share (2023: Nil) and a special dividend of HK0.7 cents per ordinary share (2023: Nil) for the year ended 31 March 2024.

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 2024 together with comparative figures.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2024

	Notes	2024 HK\$'000	2023 HK\$'000
Revenue	4	162,207	40,270
Cost of sales		<u>(94,387)</u>	<u>(18,204)</u>
Gross profit		67,820	22,066
Other income and gains	4	7,880	12,314
Selling and distribution costs		(40,131)	(15,945)
Administrative and other operating expenses		(28,720)	(21,465)
Fair value (loss)/gain on financial assets at fair value through profit or loss		<u>(168)</u>	<u>1,063</u>
Profit/(loss) from operations	5	6,681	(1,967)
Finance costs	6	<u>(684)</u>	<u>(256)</u>
Profit/(loss) before income tax		5,997	(2,223)
Income tax credit	7	<u>3,026</u>	<u>18</u>
Profit/(loss) for the year		<u>9,023</u>	<u>(2,205)</u>
Other comprehensive income			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations		<u>(6)</u>	<u>(37)</u>
Other comprehensive income for the year		<u>(6)</u>	<u>(37)</u>
Total comprehensive income for the year		<u>9,017</u>	<u>(2,242)</u>

	<i>Notes</i>	2024 HK\$'000	2023 <i>HK\$'000</i>
Profit/(loss) for the year attributable to:			
Owners of the Company		9,027	(2,204)
Non-controlling interests		(4)	(1)
		<u>9,023</u>	<u>(2,205)</u>
Total comprehensive income for the year attributable to:			
Owners of the Company		9,021	(2,241)
Non-controlling interests		(4)	(1)
		<u>9,017</u>	<u>(2,242)</u>
Earnings/(loss) per share attributable to owners of the Company			
– Basic	<i>9</i>	HK1.8 cents	HK(0.4) cents
– Diluted		<u>HK1.8 cents</u>	<u>HK(0.4) cents</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2024

	<i>Notes</i>	2024 HK\$'000	2023 <i>HK\$'000</i>
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		16,096	5,820
Intangible assets		540	594
Prepayments and deposits		3,550	3,110
Deferred tax asset		3,026	–
		<hr/> 23,212	<hr/> 9,524
Current assets			
Inventories		1,390	2,067
Trade receivables	<i>10</i>	16	71
Prepayments, deposits and other receivables		23,856	8,540
Tax recoverable		1	–
Pledged deposits		19,575	10,958
Time deposits with original maturity over three months		35,602	22,877
Cash and cash equivalents		49,573	51,324
		<hr/> 130,013	<hr/> 95,837
Current liabilities			
Trade payables	<i>11</i>	20,963	15,669
Accrued charges and other payables		15,908	10,740
Contract liabilities		32,033	11,546
Lease liabilities		6,678	5,350
Provisions		172	152
		<hr/> 75,754	<hr/> 43,457
Net current assets		<hr/> 54,259	<hr/> 52,380
Total assets less current liabilities		<hr/> 77,471	<hr/> 61,904

	<i>Notes</i>	2024 HK\$'000	2023 <i>HK\$'000</i>
Non-current liabilities			
Lease liabilities		8,005	2,137
Provisions		705	172
		<u>8,710</u>	<u>2,309</u>
Net assets		<u>68,761</u>	<u>59,595</u>
EQUITY			
Equity attributable to owners of the Company			
Share capital	<i>12</i>	5,099	5,099
Reserves		63,491	54,321
		<u>68,590</u>	<u>59,420</u>
Non-controlling interests		<u>171</u>	<u>175</u>
Total equity		<u>68,761</u>	<u>59,595</u>

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

For the year ended 31 March 2024

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 5/F., Overseas Trust Bank Building, No.160 Gloucester Road, Wanchai, 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.

3. ADOPTION OF NEW AND AMENDED HKFRSs

(a) Adoption of new and amended HKFRSs – effective 1 April 2023

In the current year, the Group has applied for the first time the following new and amendments to HKFRSs 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 2023.

HKFRS 17	Insurance Contracts and the related amendments
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

Except as disclosed below, none of these new and amended HKFRSs has a material impact on the Group’s results and financial position for the current or prior period. The Group has not early applied any new or amended HKFRSs that is not yet effective for the current accounting period.

Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

The Group has applied the amendments for the first time in the current year. HKAS 1 Presentation of Financial Statements is amended to replace all instances of the term “Significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 Making Materiality Judgements (the “Practice Statement”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group’s financial positions and performance but has affected the disclosure of the Group’s accounting policies.

(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.

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ¹
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current ¹
Amendments to HKAS 1	Non-current Liabilities with Covenants ¹
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ¹

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

² 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.

(c) New guidance on accounting for the MPF-LSP offsetting mechanism in Hong Kong issued by HKICPA

In June 2022, Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the “Amendment Ordinance”) was enacted. The Amendment Ordinance abolishes the use of the accrued benefits derived from employers’ mandatory contributions under the mandatory provident fund (“MPF”) scheme to offset severance payment (“SP”) and long service payments (“LSP”) (the “Abolition”). Subsequently, the Government of the Hong Kong Special Administrative Region announced that the Abolition will take effect on 1 May 2025 (the “Transition Date”).

The following key changes will take effect since the Transition Date:

- Accrued benefits derived from employers’ mandatory MPF contributions cannot be used to offset the LSP/SP in respect of the employment period after the Transition Date.
- The pre-transition LSP/SP is calculated using the last month’s salary immediately preceding the Transition Date, instead of using the last month’s salary of employment termination date.

Due to the complexities of the accounting for the offsetting of accrued benefits derived from an employer’s mandatory MPF contributions and its LSP obligation and the accounting for the offsetting mechanism could become material in light of the Abolition, the HKICPA published “Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong” (the “Guidance”) in July 2023 to provide guidance to account for the offsetting mechanism and the Abolition. The HKICPA concluded that there are two acceptable accounting approaches for the offsetting mechanism, being:

- Approach 1: Account for the amount expected to be offset as a deemed employee contribution towards that employee’s LSP benefits in terms of HKAS 19.93(a)
- Approach 2: Account for the employer MPF contributions and the offsetting mechanism as a funding mechanism for the LSP obligation

By following the Guidance, the Group has therefore changed its accounting policy and ceased to apply the practical expedient and reattribute the deemed employee contributions on a straight-line basis from the date when services by employee first lead to their benefits in terms of the LSP legislation in accordance with HKAS 19.93(a). The cumulative effect of recognition of these adjustments as of 31 March 2023 and for the years ended 31 March 2024 and 2023 was immaterial and hence no material effect on the consolidated financial statements of the Group for the prior periods and current year.

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:

	2024 HK\$'000	2023 HK\$'000
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>)	51,490	19,692
Sales of package tours (<i>note a</i>)	105,595	16,695
Sales of food and beverage (<i>note a</i>)	5,122	3,883
	<u>162,207</u>	<u>40,270</u>
Other income and gains		
Interest income on deposits in banks and financial institutions measured at amortised cost	2,704	1,272
Dividend income from listed securities	67	74
Sponsorship and joint advertising income	1,015	198
Government grants	766	2,358
COVID-19 related rent concession	–	120
Gain on lease modifications	–	4,167
Gain on disposal of property, plant and equipment	347	–
Sundry income	2,981	4,125
	<u>7,880</u>	<u>12,314</u>

Note:

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

	2024 HK\$'000	2023 HK\$'000
Gross sales proceeds related to provision of services relating to sales of travel/wedding related products*	365,533	166,173
Sales of package tours	105,595	16,695
Sales of food and beverage	5,122	3,883
Total customer sales proceeds	<u>476,250</u>	<u>186,751</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 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 years ended 31 March 2024 and 2023, the Group's operating segments include (i) Travel and travel/wedding related business; (ii) Food and beverage business; and (iii) Treasury activities.

	Travel and travel/ wedding related business		Food and beverage business		Treasury activities		Inter-segment elimination		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	157,085	36,387	5,122	3,883	-	-	-	-	162,207	40,270
Inter-segment revenue	-	-	188	3	-	-	(188)	(3)	-	-
Reportable segment revenue	157,085	36,387	5,310	3,886	-	-	(188)	(3)	162,207	40,270
Reportable segment profit/(loss)	6,706	(3,469)	(1,334)	(2,951)	(131)	(492)	-	-	5,241	(6,912)
Interest income	83	44	-	-	1,125	749	-	-	1,208	793
Finance costs	(565)	(83)	(43)	(91)	-	-	-	-	(608)	(174)
Dividend income	-	-	-	-	67	74	-	-	67	74
Amortisation of intangible assets	(274)	(119)	-	-	-	-	-	-	(274)	(119)
Depreciation of property, plant and equipment	(5,129)	(1,284)	-	(985)	-	-	-	-	(5,129)	(2,269)
Impairment loss on property, plant and equipment	-	-	-	(1,447)	-	-	-	-	-	(1,447)
Fair value (loss)/gain on financial assets at fair value through profit or loss	-	-	-	-	(168)	1,063	-	-	(168)	1,063
Reportable segment assets	68,257	36,107	1,056	892	25,881	40,070	-	-	95,194	77,069
Additions to non-current segment assets during the year	9,830	4,644	1	118	-	-	-	-	9,831	4,762
Reportable segment liabilities	78,355	40,883	1,056	2,398	19	19	-	-	79,430	43,300

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:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Reportable segment revenue	<u>162,207</u>	<u>40,270</u>
Group revenue	<u>162,207</u>	<u>40,270</u>
Reportable segment profit/(loss)	5,241	(6,912)
Corporate expenses	(1,099)	(735)
Corporate income	<u>1,855</u>	<u>5,424</u>
Profit/(loss) before income tax	<u>5,997</u>	<u>(2,223)</u>
Reportable segment assets	95,194	77,069
Corporate assets	55,005	28,292
Deferred tax asset	<u>3,026</u>	<u>–</u>
Group assets	<u>153,225</u>	<u>105,361</u>
Reportable segment liabilities	79,430	43,300
Corporate liabilities	<u>5,034</u>	<u>2,466</u>
Group liabilities	<u>84,464</u>	<u>45,766</u>

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

	Revenue from external customers		Non-current assets	
	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Hong Kong (domicile)	162,207	40,246	18,360	7,457
The People's Republic of China ("PRC") excluding Hong Kong	<u>–</u>	<u>24</u>	<u>–</u>	<u>–</u>
	<u>162,207</u>	<u>40,270</u>	<u>18,360</u>	<u>7,457</u>

The geographical location of the non-current assets is based on the physical location of the asset. The place of domicile is determined by referring to the place which the Group regards as its hometown, 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 specific external customers contributing over 10% of the total revenue of the Group for each of the years ended 31 March 2024 and 2023.

5. PROFIT/(LOSS) FROM OPERATIONS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Profit/(loss) from operations is arrived at after charging/(crediting):		
Auditor's remuneration:		
– Annual audit	550	500
– Non-audit services	98	77
Depreciation of property, plant and equipment:		
– Owned property, plant and equipment*	926	583
– Properties and office equipment leased for own use**	6,062	2,747
	<u>6,988</u>	<u>3,330</u>
(Gain)/loss on disposal of property, plant and equipment:		
– Owned property, plant and equipment	(347)	39
Impairment loss on property, plant and equipment:		
– Owned property, plant and equipment***	–	551
– Properties and office equipment leased for own use****	–	1,290
	<u>–</u>	<u>1,841</u>
Amortisation of intangible assets	274	119
Net foreign exchange loss	796	1,418
Short-term leases expenses	256	122
Variable lease payments not included in the measurement of lease liabilities	317	117
Staff costs (excluding directors' remuneration):		
– Salaries and other benefits	42,066	20,742
– Share-based payments	125	635
– Retirement scheme contribution	1,680	772
	<u>43,871</u>	<u>22,149</u>

- * Depreciation expenses of owned property, plant and equipment have been included in:
- cost of sales of nil (2023: approximately HK\$352,000) for the year;
 - selling and distribution costs of approximately HK\$521,000 (2023: HK\$56,000) for the year; and
 - administrative and other operating expenses of approximately HK\$405,000 (2023: HK\$175,000) for the year.

- ** Depreciation expenses of properties and office equipment leased for own use have been included in:
- cost of sales of nil (2023: approximately HK\$633,000) for the year;
 - selling and distribution costs of approximately HK\$4,608,000 (2023: HK\$1,228,000) for the year; and
 - administrative and other operating expenses of approximately HK\$1,454,000 (2023: HK\$886,000) for the year.

*** Impairment loss of owned property, plant and equipment have been included in administrative and other operating expenses of nil (2023: approximately HK\$551,000) for the year.

**** Impairment loss of properties and office equipment leased for own use have been included in administrative and other operating expenses of nil (2023: approximately HK\$1,290,000) for the year.

6. FINANCE COSTS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interest on lease liabilities	<u>684</u>	<u>256</u>

7. INCOME TAX CREDIT

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current tax – Hong Kong		
– Over provision in respect of prior years	–	(18)
Deferred tax	<u>(3,026)</u>	<u>–</u>
	<u>(3,026)</u>	<u>(18)</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 2024 and 2023.

Hong Kong profits tax is calculated at 16.5% on the estimated assessable profits for the years ended 31 March 2024 and 2023, 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.

Subsidiaries of the Company established in the PRC are 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 2024 and 2023.

8. DIVIDENDS

Subsequent to the end of the reporting period, a final dividend of HK0.7 cents per share (2023: nil) and a special dividend of HK0.7 cents per share (2023: nil), has been proposed by the Directors and is subject to approval by the shareholders at the forthcoming annual general meeting.

9. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings/(loss) per share is based on the profit for the year attributable to owners of the Company of approximately HK\$9,027,000 (2023: loss of approximately HK\$2,204,000) and 509,859,000 (2023: 509,859,000) weighted average number of ordinary shares in issue during the year.

The computation of diluted earnings/(loss) per share does not assume the exercise of the Company’s share options for the years ended 31 March 2024 and 2023 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:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
0-30 days	<u>16</u>	<u>71</u>
	<u>16</u>	<u>71</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:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
0-30 days	9,376	10,717
31-90 days	8,149	2,324
Over 90 days	<u>3,438</u>	<u>2,628</u>
	<u>20,963</u>	<u>15,669</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 2022, 31 March 2023, 1 April 2023 and 31 March 2024	<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 2022, 31 March 2023, 1 April 2023 and 31 March 2024	<u>509,859</u>	<u>5,099</u>

DIVIDEND

The Board has resolved to recommend the payment of a final dividend of HK0.7 cents per ordinary share (2023: Nil) and a special dividend of HK0.7 cents per ordinary share (2023: Nil) for the year ended 31 March 2024. The final dividend and special dividend will be paid out of the share premium account of the Company pursuant to article 134 of the articles of association of the Company and in accordance with the laws of the Cayman Islands. Subject to the approval by the shareholders at the forthcoming annual general meeting, the dividend cheques are expected to be despatched to shareholders on or around 27 September 2024 to shareholders whose names appear on the Company's register of members on 13 September 2024.

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

The register of members of the Company will be closed from 13 August 2024 to 16 August 2024, 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 16 August 2024. 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 (the "Branch Share Registrar") not later than 4:30 p.m. on 12 August 2024.

CLOSURE OF REGISTER OF MEMBERS FOR DIVIDEND

The register of members of the Company will be closed from 11 September 2024 to 13 September 2024, both days inclusive, for the purpose of determining the entitlement to the proposed final dividend and special dividend for the year ended 31 March 2024. In order to qualify for the proposed final dividend and special dividend, all transfer forms accompanied by relevant share certificates must be lodged with the Branch Share Registrar not later than 4:30 p.m. on 10 September 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

For the year ended 31 March 2024, with the removal of travel restrictions and pandemic control measures in early 2023, the Group's business operations and financial performance continued to record a significant improvement. During the year, the Group recorded a profit attributable to owners of the Company of HK\$9.0 million, as compared with the loss attributable to owners of the Company of HK\$2.2 million for the previous year. The Group's total customer sales proceeds was HK\$476.3 million, representing an increase of 155.0% as compared with HK\$186.8 million for the previous year. The total revenue was HK\$162.2 million, representing an increase of 302.5% as compared with HK\$40.3 million for the previous year. Earnings per share attributable to owners of the Company for the year was HK1.8 cents (2023: loss per share of HK0.4 cents).

The Board has resolved to recommend the payment a final dividend of HK0.7 cents per ordinary share (2023: Nil) and a special dividend of HK0.7 cents per ordinary share (2023: Nil) for the year ended 31 March 2024.

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 removal of all travel restrictions in early 2023 marked a crucial step for Hong Kong's fully reopening to the world, which bringing robust recovery of the tourism industry. To capture the opportunity during the market recovery, the Group adopted flexibly strategy and expanded its branch network. We used efforts in enhancing product mix and recruiting additional staff. In addition, we restarted training programmes to frontline staff to enhance their service quality, skills and knowledge. During the year, we opened three new shops, namely Hung Lung Centre in Causeway Bay, Citylink Plaza in Shatin, East Point City in Tseung Kwun O for Travel Expert. Despite the passing of the pandemic, the Group continued to face various challenges. The shortage of frontline staff has inevitably affected our business growth. Furthermore, flight capacity has not yet resumed to the pre-pandemic level and affected travel planning. In response to the challenges, we will closely monitor the market situation and adopt flexible strategies. The Group will increase resources in sales and product management to strengthen its competitiveness and ability to be resilient in order to achieve business growth.

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, hotel packages and etc. During the year, we continued to put efforts in enhancing this online trading platform and backend system support. Through this sales channel, the Group promoted different travel products, including flight and hotel packages, cruise holidays, package tours to the Mainland and South East Asia, to enable customers to enjoy vacations or visiting attractions with different features.

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, the removal of travel restrictions and resumption of flights drove a remarkable business growth. The package tours to the Mainland China, such as Sichuan, Tibet, Xinjiang and Inner Mongolia, were well received by customers. Thus, the Group increased the number of tours to these destinations and enabled customers to enjoy dynamic cultural differences and diversity of travelling experiences. Premium Holidays also re-launched tours to East Africa for tracking the Great Migration of Animals. The long-haul package tours to Northern Europe, Mediterranean Sea, South American and Iceland and etc. continued to record a stable growth. During the year, Premium Holidays opened one additional branch to expand its branch network. It recruited addition experienced staff to tap into the growth driven by the strong market rebound. Despite the strong market recovery, several uncertainties and challenges remain in the operating environment. Recruiting experienced staff continued to be a difficulty for us. Global airline capacity was still falling short of pre-pandemic level and was unable to meet the surging demand. These factors would continue to adversely impact on the market recovery. We will closely monitor the changes in market and overall environment and to review and adjust our business strategies, with a view to grasp opportunities.

In addition to the ordinary travel business segment, our investment activities using the Group's surplus funds allocated under the approved investment cap are conducted by Travel Expert Asset Management Limited (專業旅運資產管理有限公司) ("Travel Expert Asset Management"). During the year, the business recorded a fair value loss on financial assets at fair value through profit or loss of HK\$168,000 (2023: gain of HK\$1.1 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.

The Group's food and beverage business under the brand name of "Café Another" was operating at a loss. During the year, the Group took various initiatives and marketing activities to improve its performance, such as upgrading internal furnishing for better customer dine-in experience, consolidating and increasing menu variety, rebuilding online platforms and social media platforms, exploring outside catering opportunities and cooperation with corporate customers, venue hiring and event parties and etc. The management will continue to monitor closely the market trends and take flexible measures to promote its business growth.

FINANCIAL REVIEW

Other Income and Gains

Total other income and gains decreased by HK\$4.4 million from HK\$12.3 million for the previous year to HK\$7.9 million for the year. Such decrease was mainly due to the gain on early termination of lease of HK\$4.2 million for the previous year.

Selling and Distribution Costs

For the year, selling and distribution costs amounted to HK\$40.1 million, representing an increase of 152.2% from HK\$15.9 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 as well as the increase in rental expenses. The recovery of the travel industry boosted the sales of the Group's travel and travel related business. During the year, we opened three new shops for Travel Expert and one additional shop for Premium Holidays with a view to capture business 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 2024, the Group operated a total of 12 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, administrative expenses amounted to HK\$28.7 million, representing an increase of 33.5% from HK\$21.5 million for the last year, which was mainly due to the increase in staff costs (including salaries and bonus).

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 and other operating expenses at a reasonable level. In order to retain our strength through managing our costs and working capital by preserving cash, the Group adopted strict cost control measures on administrative expenses by better allocation of back office resources and streamlining working process.

Finance Cost

Finance cost of the Group for the year was HK\$684,000, which was related to the interest on lease liabilities (2023: HK\$256,000).

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 2024, the Group had an operating cash inflow of approximately HK\$27.6 million (2023: HK\$17.6 million) and the net assets value was HK\$68.8 million (2023: HK\$59.6 million). Including the time deposits with original maturity over three months, the Group had total cash and cash equivalents of HK\$85.2 million as at 31 March 2024 (as at 31 March 2023: HK\$74.2 million). As at 31 March 2023 and 2024, the Group did not have a portfolio of financial assets at fair value through profit or loss.

As at 31 March 2023 and 2024, the Group did not have any outstanding bank borrowing.

Contingent Liabilities

The Group did not have any contingent liabilities as at 31 March 2024.

Capital Commitments

As at 31 March 2024, the Group had commitments in respect of capital expenditure were contracted but not provided for the acquisition of property, plant and equipment of HK\$118,000 (as at 31 March 2023: Nil) and intangible assets of HK\$10,000 (as at 31 March 2023: HK\$711,000) and did not have the total future lease payment for lease committed but not yet commenced over the non-cancellable period (as at 31 March 2023: HK\$2.4 million).

Pledge of Assets

As at 31 March 2024, the Group's bank deposits of HK\$19.6 million (as at 31 March 2023: HK\$11.0 million) were pledged to banks to secure facilities granted to the Group.

Foreign Exchange Risks and Treasury Policies

The Group has foreign currency exposures that mainly arise from the balance of assets and liabilities in currencies other than in Hong Kong dollar, the Group's functional currency. The Group's policy requires the management to monitor the Group's foreign exchange exposure by closely monitoring the movement of foreign currency rates. The management may purchase foreign currency at spot rate, when and where appropriate for the purpose of meeting the Group's future payment obligation in foreign currency. With the setup of Travel Expert Asset Management together with the extension of investment scope, the Group may use more financial tools such as foreign exchange forward contracts and currency futures etc. to manage the foreign exchange risks. For the year ended 31 March 2024, the Group recorded exchange loss of approximately HK\$796,000 (2023: approximately HK\$1.4 million).

Human Resources and Employee's Remuneration

As at 31 March 2024, the Group had a total workforce of 155 (as at 31 March 2023: 114), of which about 57.4% were frontline staff. Employees' remuneration packages are determined with reference to the market information and individual performance and will be reviewed on a regular basis. Other benefits include contributions to mandatory provident fund and medical insurance coverage. In addition, the Group has adopted a share option scheme (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. Share options were granted to certain eligible persons and Directors of the Company. The Share Option Scheme was terminated on 29 September 2023 and the options granted prior to the termination remain valid for exercise. The remuneration policy will be reviewed by the Board from time to time. Emoluments of Directors are determined by the Remuneration Committee after considering the Group's operating results, individual performance and comparing with market conditions.

OUTLOOK

The Group expects there will have a continuous growth in travel demand. We will continue to monitor closely the market trends and take flexible measures. We will strive to better serve customers by recruiting experienced staff and optimizing product mix to address customer preferences and the latest market trends. To strengthen our competitiveness, we will continue to enhance operational efficiency and optimize frontline staff structure. We will allocate resources in exploring new tour routing and enhancing the services of tailor-made trip planning for individual and corporate customers. Besides, the Group will strengthen promotion activities and make use of popular social media platforms and digital channels to enhance brand image and awareness. To broaden the sources of income, we will explore opportunity in other travel related business.

After a strong rebound of tourism industry from the depths of the pandemic, there are various headwinds affecting the pace of recovery, including staffing shortage, fall short of flight capacity, increasing shop rental, uncertainties in global economy recovery, geopolitical tensions and China-US relations. To cope with challenges ahead, the Group will remain prudent on financial management to control the cost effectiveness and enhance operation efficiency. We believe with our dedicated staff members and management team as well as flexible business plan and strategies, 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 2024, 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 2024, 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.

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 2024.

The figures in respect of the preliminary announcement of the Group’s results for the year ended 31 March 2024 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 2024.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement of the Group for the year ended 31 March 2024 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, 27 June 2024

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.