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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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

FINANCIAL HIGHLIGHTS

- Total customer sales proceeds from continuing operations for the period was HK\$310.6 million, representing an increase of 43.1% from HK\$217.0 million for the corresponding period last year.
- Revenue from continuing operations for the period was HK\$114.5 million, representing an increase of 99.5% from HK\$57.4 million for the corresponding period last year.
- The profit from continuing operations for the period attributable to owners of the Company was HK\$3.0 million (2023: HK\$1.9 million).
- Earnings per share attributable to owners of the Company from continuing operations for the period was HK0.6 cents (2023: HK0.4 cents)
- The Board has resolved not to declare an interim dividend for the six months ended 30 September 2024 (2023: Nil).

INTERIM RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Travel Expert (Asia) Enterprises Limited (the “**Company**”) presents the unaudited condensed consolidated results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 September 2024 together with comparative figures.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2024

		Six months ended	
		30 September	
		2024	2023
	<i>Notes</i>	(unaudited)	(unaudited)
		HK\$'000	HK\$'000
			(Re-presented)
<u>Continuing operations</u>			
Revenue	4	114,490	57,370
Cost of sales		<u>(72,439)</u>	<u>(27,182)</u>
Gross profit		42,051	30,188
Other income and gains	4	3,647	3,696
Selling and distribution costs		(25,195)	(18,486)
Administrative and other operating expenses		(17,064)	(13,092)
Fair value loss on financial assets at fair value through profit or loss		<u>(72)</u>	<u>(166)</u>
Profit from operations	5	3,367	2,140
Finance costs	6	<u>(408)</u>	<u>(230)</u>
Profit before income tax		2,959	1,910
Income tax expense	7	<u>–</u>	<u>–</u>
Profit for the period from continuing operations		<u>2,959</u>	<u>1,910</u>
<u>Discontinued operation</u>			
Loss for the period from discontinued operation	14	<u>(478)</u>	<u>(304)</u>
Profit for the period		<u>2,481</u>	<u>1,606</u>
Other comprehensive income			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations		<u>–</u>	<u>(8)</u>
Other comprehensive income for the period		<u>–</u>	<u>(8)</u>
Total comprehensive income for the period		<u>2,481</u>	<u>1,598</u>

		Six months ended	
		30 September	
		2024	2023
		(unaudited)	(unaudited)
<i>Notes</i>		HK\$'000	HK\$'000
		(Re-presented)	
Profit/(loss) for the period attributable to:			
Owners of the Company			
	– Continuing operations	2,959	1,913
	– Discontinued operation	(478)	(304)
		<u>2,481</u>	<u>1,609</u>
Profit for the period attributable to owners of the Company			
		<u>2,481</u>	<u>1,609</u>
Non-controlling interests			
	– Continuing operations	–	(3)
	– Discontinued operation	–	–
		<u>–</u>	<u>–</u>
Loss for the period attributable to non-controlling interests			
		<u>–</u>	<u>(3)</u>
		<u>2,481</u>	<u>1,606</u>
Total comprehensive income for the period attributable to:			
Owners of the Company			
		<u>2,481</u>	<u>1,601</u>
Non-controlling interests			
		<u>–</u>	<u>(3)</u>
		<u>2,481</u>	<u>1,598</u>
Earnings/(loss) per share attributable to owners of the Company			
	– Basic		
	– Continuing operations	HK 0.6 cents	HK 0.4 cents
	– Discontinued operation	HK (0.1) cents	HK (0.1) cents
	– Diluted		
	– Continuing operations	HK 0.6 cents	HK 0.4 cents
	– Discontinued operation	HK (0.1) cents	HK (0.1) cents
		<u>HK 0.6 cents</u>	<u>HK 0.4 cents</u>
		<u>HK (0.1) cents</u>	<u>HK (0.1) cents</u>

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2024

		30 September 2024 (unaudited) <i>HK\$'000</i>	31 March 2024 (audited) <i>HK\$'000</i>
	<i>Notes</i>		
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	<i>10</i>	13,353	16,096
Intangible assets		2,108	540
Prepayments and deposits		3,432	3,550
Deferred tax asset		3,026	3,026
		21,919	23,212
Current assets			
Inventories		1,317	1,390
Trade receivables	<i>11</i>	4,529	16
Prepayments, deposits and other receivables		25,699	23,856
Tax recoverable		1	1
Pledged deposits		17,402	19,575
Time deposits with original maturity over three months		42,444	35,602
Cash and cash equivalents		70,041	49,573
		161,433	130,013
Current liabilities			
Trade payables	<i>12</i>	31,708	20,963
Accrued charges and other payables		8,650	15,908
Contract liabilities		66,510	32,033
Lease liabilities		5,933	6,678
Provisions		–	172
		112,801	75,754
Net current assets		48,632	54,259
Total assets less current liabilities		70,551	77,471

		30 September 2024 (unaudited) HK\$'000	31 March 2024 (audited) HK\$'000
	<i>Notes</i>		
Non-current liabilities			
Lease liabilities		5,480	8,005
Provisions		877	705
		<u>6,357</u>	<u>8,710</u>
Net assets		<u>64,194</u>	<u>68,761</u>
EQUITY			
Equity attributable to owners of the Company			
Share capital	13	5,099	5,099
Reserves		58,924	63,491
		<u>64,023</u>	<u>68,590</u>
Non-controlling interests		<u>171</u>	<u>171</u>
Total equity		<u>64,194</u>	<u>68,761</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 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, 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 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.

The condensed consolidated interim financial statements for the six months ended 30 September 2024 were approved and authorised for issue by the Board of Directors on 27 November 2024.

2. BASIS OF PREPARATION

These condensed consolidated interim financial statements for the six months ended 30 September 2024 have been prepared in accordance with the 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.

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 2024.

During the period, the Company completed the disposal of its entire equity interest in Another Food & Beverage Limited (“Another Food”). The accompanying condensed consolidated interim financial statements and the comparative figures have been re-presented to reflect the results of the discontinued operation separately.

3. ACCOUNTING POLICIES

The accounting policies and methods of computation that have been used in the preparation of the condensed consolidated interim financial statements are consistent with those used in the financial statements for the year ended 31 March 2024, 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 2024.

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

4. 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:

	Six months ended	
	30 September	
	2024	2023
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
		(Re-presented)
Revenue from contracts with customers		
within the scope of HKFRS 15:		
<u>Continuing operations</u>		
Provision of services relating to sales of travel/wedding related products (<i>note (a)</i>)	30,454	23,939
Sales of package tours (<i>note (a)</i>)	84,036	33,431
	<u>114,490</u>	<u>57,370</u>
<u>Discontinued operation</u>		
Sales of food and beverage (<i>note (a)</i>)	2,700	2,179
	<u>117,190</u>	<u>59,549</u>
Other income and gains		
<u>Continuing operations</u>		
Interest income on deposits in banks and financial institutions measured at amortised cost	1,613	1,175
Sponsorship and joint advertising income	585	421
Government grants (<i>note (b)</i>)	144	684
Gain on disposal of property, plant and equipment	–	347
Sundry income	1,305	1,069
	<u>3,647</u>	<u>3,696</u>
<u>Discontinued operation</u>		
Sundry income	–	22
	<u>3,647</u>	<u>3,718</u>
Total revenue, other income and gains	<u>120,837</u>	<u>63,267</u>

Notes:

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

	Six months ended	
	30 September	
	2024	2023
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
		(Re-presented)
<u>Continuing operations</u>		
Gross sales proceeds related to provision of services relating to sales of travel/wedding related products*	226,582	183,572
Sales of package tours	<u>84,036</u>	<u>33,431</u>
	310,618	217,003
<u>Discontinued operation</u>		
Sales of food and beverage	<u>2,700</u>	<u>2,179</u>
Total customer sales proceeds	<u>313,318</u>	<u>219,182</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.

(b) **Government grants**

During the six months ended 30 September 2024, approximately HK\$144,000 (2023: HK\$684,000) 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.

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.

	Continuing operations				Discontinued operation			
	Travel and travel related business		Treasury activities		Food and beverage business		Total	
	Six months ended 30 September		Six months ended 30 September		Six months ended 30 September		Six months ended 30 September	
	2024	2023	2024	2023	2024	2023	2024	2023
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(Re-presented)		(Re-presented)		(Re-presented)		(Re-presented)
Revenue from external customers	114,490	57,370	-	-	2,700	2,179	117,190	59,549
Inter-segment revenue	-	-	-	-	148	98	148	98
Reconciliation	114,490	57,370	-	-	2,848	2,277	117,338	59,647
Elimination of inter-segment revenue	-	-	-	-	(148)	(98)	(148)	(98)
Reportable segment revenue	114,490	57,370	-	-	2,700	2,179	117,190	59,549
Reportable segment profit/(loss)	12,492	10,724	80	(1,103)	(478)	(304)	12,094	9,317
Interest income	73	45	703	556	-	-	776	601
Finance costs	(275)	(193)	-	-	(3)	(28)	(278)	(221)
Amortisation of intangible assets	(156)	(119)	-	-	-	-	(156)	(119)
Depreciation on property, plant and equipment	(2,990)	(2,187)	-	-	(125)	-	(3,115)	(2,187)
Fair value loss on financial assets at fair value through profit or loss	-	-	(72)	(166)	-	-	(72)	(166)
	Continuing operations				Discontinued operation			
	Travel and travel related business		Treasury activities		Food and beverage business		Total	
	At 30 September	At 31 March	At 30 September	At 31 March	At 30 September	At 31 March	At 30 September	At 31 March
	2024	2024	2024	2024	2024	2024	2024	2024
	(unaudited)	(audited)	(unaudited)	(audited)	(unaudited)	(audited)	(unaudited)	(audited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Reportable segment assets	73,004	68,257	58,840	25,881	-	1,056	131,844	95,194
Additions to non-current segment assets during the period/year	1,243	9,830	-	-	-	1	1,243	9,831
Reportable segment liabilities	114,838	78,355	10	19	-	1,056	114,848	79,430

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:

	Continuing operations		Discontinued operation		Total	
	Six months ended 30 September		Six months ended 30 September		Six months ended 30 September	
	2024 (unaudited) <i>HK\$'000</i>	2023 (unaudited) <i>HK\$'000</i> (Re-presented)	2024 (unaudited) <i>HK\$'000</i>	2023 (unaudited) <i>HK\$'000</i> (Re-presented)	2024 (unaudited) <i>HK\$'000</i>	2023 (unaudited) <i>HK\$'000</i> (Re-presented)
Reportable segment revenue	<u>114,490</u>	<u>57,370</u>	<u>2,700</u>	<u>2,179</u>	<u>117,190</u>	<u>59,549</u>
Group revenue	<u>114,490</u>	<u>57,370</u>	<u>2,700</u>	<u>2,179</u>	<u>117,190</u>	<u>59,549</u>
Reportable segment profit/(loss)	<u>12,572</u>	<u>9,621</u>	<u>(478)</u>	<u>(304)</u>	<u>12,094</u>	<u>9,317</u>
Other corporate income					837	921
Other corporate expenses					(10,450)	(8,632)
Segment loss included in discontinued operation					<u>478</u>	<u>304</u>
Profit before income tax and discontinued operation					<u>2,959</u>	<u>1,910</u>
					At 30 September 2024 (unaudited) <i>HK\$'000</i>	At 31 March 2024 (audited) <i>HK\$'000</i>
Reportable segment assets					<u>131,844</u>	95,194
Corporate assets					<u>48,482</u>	55,005
Deferred tax asset					<u>3,026</u>	3,026
Group assets					<u>183,352</u>	<u>153,225</u>
Reportable segment liabilities					<u>114,848</u>	79,430
Corporate liabilities					<u>4,310</u>	5,034
Group liabilities					<u>119,158</u>	<u>84,464</u>

The Group's revenue from external customers and its non-current assets (excluded financial instruments and deferred tax asset) are divided into the following geographical areas:

	Continuing operations		Revenue from external customers Discontinued operation		Total		Non-current assets	
	2024	2023	Six months ended 30 September		2024	2023	At 30 September 2024	At 31 March 2024
	(unaudited) HK\$'000	(unaudited) HK\$'000	(unaudited) HK\$'000	(unaudited) HK\$'000	(unaudited) HK\$'000	(unaudited) HK\$'000	(unaudited) HK\$'000	(audited) HK\$'000
		(Re-presented)		(Re-presented)		(Re-presented)		
Hong Kong (domicile)	114,490	57,370	2,700	2,179	117,190	59,549	14,782	18,360
The PRC excluding Hong Kong	-	-	-	-	-	-	1,243	-
	114,490	57,370	2,700	2,179	117,190	59,549	16,025	18,360

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 significant revenue was derived from specific external customers for the periods.

5. PROFIT FROM OPERATIONS

	Six months ended 30 September	
	2024 (unaudited) HK\$'000	2023 (unaudited) HK\$'000 (Re-presented)
Continuing operations		
Profit from operations is arrived at after charging/(crediting):		
Depreciation of property, plant and equipment:		
– Owned property, plant and equipment*	675	350
– Properties and office equipment leased for own use**	3,533	2,662
	4,208	3,012
Loss/(gain) on disposal of:		
– Owned property, plant and equipment	73	(347)
	73	(347)
Amortisation of intangible assets	156	119
Net foreign exchange loss	301	1,349
Short-term leases expenses	56	205
Variable lease payments not included in the measurement of lease liabilities	-	50
Staff costs (including directors' remuneration)		
– Salaries and other benefits	24,112	18,733
– Retirement scheme contribution	1,440	716
– Share-based payments	90	67
	25,642	19,516

- * Depreciation expenses of owned property, plant and equipment have been included in:
- selling and distribution costs of approximately HK\$374,000 for the six months ended 30 September 2024 (2023: HK\$188,000); and
 - administrative and other operating expenses of approximately HK\$301,000 for the six months ended 30 September 2024 (2023: HK\$162,000).
- ** Depreciation expenses of properties and office equipment leased for own use have been included in:
- selling and distribution costs of approximately HK\$2,616,000 for the six months ended 30 September 2024 (2023: HK\$1,999,000); and
 - administrative and other operating expenses of approximately HK\$917,000 for the six months ended 30 September 2024 (2023: HK\$663,000).

	Six months ended 30 September 2024 (unaudited) HK\$'000	2023 (unaudited) HK\$'000 (Re-presented)
Discontinued operation		
Loss from operation is arrived at after charging:		
Depreciation of property, plant and equipment:		
– Properties leased for own use	125	–
Variable lease payments not included in the measurement of lease liabilities	68	74
Staff costs (including directors' remuneration)		
– Salaries and other benefits	961	775
– Retirement scheme contribution	39	37
	<u>1,000</u>	<u>812</u>

6. FINANCE COSTS

	Six months ended 30 September 2024 (unaudited) HK\$'000	2023 (unaudited) HK\$'000 (Re-presented)
Continuing operations		
Interest on lease liabilities	408	230
Discontinued operation		
Interest on lease liabilities	3	28
	<u>411</u>	<u>258</u>

7. INCOME TAX EXPENSE

	Six months ended	
	30 September	
	2024	2023
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
		(Re-presented)
Continuing operations		
Current tax – Hong Kong		
Tax for the period	–	–
Discontinued operation		
Current tax – Hong Kong		
Tax for the period	–	–
	–	–
	–	–

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 2024 and 2023 respectively.

Hong Kong profits tax is calculated at 16.5% on the estimated assessable profits for the six months ended 30 September 2024 and 2023, 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 are 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.

8. EARNINGS/(LOSS) PER SHARE

The calculation of the basic earnings per share is based on the profit from continuing operations for the period attributable to owners of the Company of approximately HK\$2,959,000 (six months ended 30 September 2023: HK\$1,913,000) and the weighted average number of ordinary shares in issue of 509,859,000 (six months ended 30 September 2023: 509,859,000) during the period.

The calculation of the basic loss per share is based on the loss from discontinued operation for the period attributable to owners of the Company of approximately HK\$478,000 (six months ended 30 September 2023: HK\$304,000) and the weighted average number of ordinary shares in issue of 509,859,000 (six months ended 30 September 2023: 509,859,000) during the period.

The computation of diluted earnings/(loss) per share does not assume the exercise of the Company's share options for six months ended 30 September 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.

9. INTERIM DIVIDEND

The Directors has resolved not to declare an interim dividend for the six months ended 30 September 2024 (six months ended 30 September 2023: Nil).

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2024, the Group incurred capital expenditures of approximately HK\$471,000 (six months ended 30 September 2023: HK\$384,000) in leasehold improvements, approximately HK\$382,000 (six months ended 30 September 2023: HK\$391,000) in office equipment, approximately HK\$7,000 (six months ended 30 September 2023: HK\$71,000) in furniture and fixtures and nil (six months ended 30 September 2023: HK\$578,000) in motor vehicle.

During the six months ended 30 September 2024, no right-of-use assets included within a property newly leased for own use has been recognised (six months ended 30 September 2023: HK\$4,412,000) and lease modifications resulted from extension of leases amounted to approximately HK\$804,000 has been recognised (six months ended 30 September 2023: HK\$2,753,000).

11. TRADE RECEIVABLES

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

	30 September 2024 (unaudited) HK\$'000	31 March 2024 (audited) HK\$'000
0-30 days	3,678	16
31-90 days	827	–
Over 90 days	24	–
	<u>4,529</u>	<u>16</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.

12. TRADE PAYABLES

The Group is 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 2024 (unaudited) HK\$'000	31 March 2024 (audited) HK\$'000
0-30 days	21,636	9,376
31-90 days	4,580	8,149
Over 90 days	5,492	3,438
	31,708	20,963

13. SHARE CAPITAL

	30 September 2024		31 March 2024	
	Number of shares (unaudited) '000	Amount (unaudited) HK\$'000	Number of shares (audited) '000	Amount (audited) HK\$'000
Authorised:				
Ordinary shares of HK\$0.01 each At 1 April 2023, 31 March 2024, 1 April 2024 and 30 September 2024	2,000,000	20,000	2,000,000	20,000
Issued and fully paid:				
Ordinary shares of HK\$0.01 each At 1 April 2023, 31 March 2024, 1 April 2024 and 30 September 2024	509,859	5,099	509,859	5,099

14. DISPOSAL OF A SUBSIDIARY

On 30 September 2024, the Group entered into a sale and purchase agreement with Central City International Limited, a related company of the Group (the “**Purchaser**”), to dispose of its entire equity interest in Another Food which was principally engaged in food and beverage business at cash consideration of HK\$400,000. In addition, the Group has sold and assigned the amount due to a subsidiary of the Company of approximately HK\$16,690,000 (the “**Loan**”) to the Purchaser. The disposal was completed on 30 September 2024 and Another Food ceased to be a subsidiary of the Company.

The net liabilities of Another Food at the date of disposal were as follows:

	As at 30 September 2024 (unaudited) HK\$'000
Property, plant and equipment	1
Inventories	32
Prepayments and deposits	692
Cash and cash equivalents	342
Trade payables	(25)
Accrued charges and other payables	(672)
Amount due to a subsidiary of the Company	<u>(16,690)</u>
Net liabilities of Another Food disposed of	(16,320)
Sales of Loan	16,690
Gain on disposal of a subsidiary	<u>30</u>
Total consideration satisfied by cash	<u>400</u>

Note:

The consideration receivable of HK\$400,000 was included in other receivables under current assets as at 30 September 2024. The consideration has been fully received subsequently in October 2024.

The revenue and results of Another Food were as follows:

		Six months ended 30 September	
		2024 (unaudited) HK\$'000	2023 (unaudited) HK\$'000
Revenue	4	2,700	2,179
Cost of sales		<u>(2,964)</u>	<u>(2,363)</u>
Gross loss		(264)	(184)
Other income and gains	4	–	22
Administrative and other operating expenses		<u>(241)</u>	<u>(114)</u>
Loss from operation		(505)	(276)
Finance costs	6	<u>(3)</u>	<u>(28)</u>
Loss before income tax		(508)	(304)
Income tax expense	7	<u>–</u>	<u>–</u>
Loss after income tax from discontinued operation		(508)	(304)
Gain on disposal of a subsidiary		<u>30</u>	<u>–</u>
Loss for the period from discontinued operation		<u>(478)</u>	<u>(304)</u>

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30 September 2024 (2023: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

For the six months ended 30 September 2024 (the “**Period**”), due to the recovery of the tourism industry coupled with the continuous improvements in the flight capacity and tourism infrastructure, the Group’s total customer sales proceeds from continuing operations was HK\$310.6 million, representing an increase of 43.1% as compared with HK\$217.0 million for the corresponding period last year. The total revenue from continuing operations was HK\$114.5 million, representing an increase of 99.5% as compared with HK\$57.4 million for the corresponding period last year. The profit from continuing operations attributable to owners of the Company was HK\$3.0 million, representing an increase of 57.9% as compared with HK\$1.9 million for the corresponding period last year. The earnings per share attributable to owners of the Company from continuing operations was HK0.6 cents (2023: HK0.4 cents). The Board has resolved not to declare an interim dividend for the Period (2023: Nil).

BUSINESS REVIEW

The Group’s retail FIT (free independent travellers) business is operated mainly through Travel Expert Limited (專業旅運有限公司) (“**Travel Expert**”), which is the core focus of the Group. During the Period, in view of the continuous recovery of tourism industry, Travel Expert recruited additional staff to meet business needs and enhance quality of customer service. We continued to spend effort in exploring different products to meet the changing market trends and customer needs. Apart from FIT flight and hotel packages, to bring more product choices to customers, Travel Expert launched a wide array of package tours with special features to the Mainland and South East Asia. The Group will continue to adopt flexible strategy to catch up any opportunities arose in the market. We will also impose prudent business policy and continue to strengthen our competitiveness to response to any uncertainties and challenges in the operating environment.

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 Period, we continued to put efforts to enrich its product offerings. Through this sales channel, the Group promoted different travel products, including flight and hotel packages, cruise holidays, package tours and etc, 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 Period, the Group took steps to respond to the change in customer preferences by introducing a range of quality routings that contributed to a remarkable business growth. In respond to the increasing market demands for travelling to the northern and western provinces of the Mainland, Premium Holidays launched package tours to popular tourist attractions in Dunhuang, Sichuan, Tibet, Xinjiang, Inner Mongolia and etc. It also launched popular rail and special cruise routes to enable customers to experience natural scenery and cultural differences of the destinations. Premium Holidays continued to launch long-haul package tours to East Africa, Northern Europe, Mediterranean Sea, South American and Iceland and etc. Furthermore, we invested in enhancing the brand awareness of Premium Holidays by engaging Ms. Janis Chan (陳貝兒) as its brand spokesperson in early 2024, who joined a package tour of Premium Holidays to Dunhuang in October 2024 to experience personally the quality and enjoyment of our tours. She will also share her first-hand experience with customers in travel talk. We continued to recruit experienced staff to better serving customers. Premium Holidays will strive to keep pace with the market trends and expand its product offerings in order to achieve sustainable business growth.

In addition to the ordinary travel business segment, our investment activities using the Group's surplus funds allocated under the approved investment cap are conducted by Travel Expert Asset Management Limited (專業旅運資產管理有限公司) (“**Travel Expert Asset Management**”). During the Period, the business recorded a fair value loss on financial assets at fair value through profit or loss of HK\$72,000 (2023: HK\$166,000). 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” operated by Another Food & Beverage Limited (“**Another Food**”) was operating at a loss since commencement of operation. On 30 September 2024, the Group disposed of the entire equity interest of Another Food to a connected party at cash consideration of HK\$400,000. As the relevant percentage ratios in respect of the disposal were less than 5% and the total consideration is less than HK\$3,000,000, pursuant to Rule 14A.76 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), the said disposal was fully exempt from shareholders' approval, annual review and all disclosure requirements. For further details of the disposal, please refer to note 14 to the condensed consolidated interim financial statements.

FINANCIAL REVIEW

Other Income and Gains

Total other income and gains from continuing operations decreased by HK\$0.1 million from HK\$3.7 million for the six months ended 30 September 2023 to HK\$3.6 million for the Period.

Selling and Distribution Costs

For the Period, selling and distribution costs from continuing operations amounted to HK\$25.2 million, representing an increase of 36.2% from HK\$18.5 million for the corresponding period last 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. 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 30 September 2024, the Group operated a total of 13 retail shops in Hong Kong under the brand names of Travel Expert and Premium Holidays.

Administrative and Other Operating Expenses

For the Period, administrative and other operating expenses from continuing operations amounted to HK\$17.1 million, representing an increase of 30.5% from HK\$13.1 million for the corresponding period 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 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, the Group will continue to adopt strict cost control measures on administrative and other operating expenses by better allocation of back office resources and streamlining existing working process.

Finance Costs

Finance costs from continuing operations for the Period was HK\$408,000, which was related to the interest on lease liabilities (2023: HK\$230,000).

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 an operating cash inflow of approximately HK\$36.5 million (six months ended 30 September 2023: HK\$24.8 million) and the net assets value as at 30 September 2024 was HK\$64.2 million (as at 31 March 2024: HK\$68.8 million). Including the time deposits with original maturity over three months, the Group had total cash and cash equivalents of HK\$112.5 million as at 30 September 2024 (as at 31 March 2024: HK\$85.2 million).

As at 30 September 2024, the Group did not have any outstanding bank borrowing (as at 31 March 2024: Nil)

Contingent Liabilities

The Group did not have any contingent liabilities as at 30 September 2024.

Capital Commitments and Other Commitments

As at 30 September 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\$961,000 (as at 31 March 2024: HK\$118,000) and intangible assets of HK\$10,000 (as at 31 March 2024: HK\$10,000) and total future lease payment for lease committed but not yet commenced over the non-cancellable period of HK\$845,000 (as at 31 March 2024: Nil).

Pledge of Assets

As at 30 September 2024, the Group's bank deposits of HK\$17.4 million (as at 31 March 2024: HK\$19.6 million) were pledged to banks to secure banking facilities granted to the Group.

Foreign Exchange Risks and Treasury Policies

The Group has foreign currency exposures that mainly arise from the balance of assets and liabilities in currencies other than in Hong Kong dollar, the Group's functional currency. The Group's policy requires the management to monitor the Group's foreign exchange exposure by closely monitoring the movement of foreign currency rates. The management may purchase foreign currency at spot rate, when and where appropriate for the purpose of meeting the Group's future payment obligation in foreign currency. With the setup of Travel Expert Asset Management together with the extension of investment scope, the Group may use more financial tools such as foreign exchange forward contracts and currency futures etc. to manage the foreign exchange risks. For the Period, the Group recorded exchange loss of approximately HK\$301,000 (2023: HK\$1.3 million).

Human Resources and Employee's Remuneration

As at 30 September 2024, the Group had a total workforce of 153 (as at 31 March 2024: 140), of which about 54.2% 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 expired on 29 September 2021 and the options granted prior to the expiration 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. As the global economy will continue to be challenging with heightened geopolitical tensions and China-US relations, the management will remain cautiously optimistic and impose prudent business policy in order to lead the Group through challenges ahead.

The Group will take steps to enhance our competitiveness and resilience to cope with unexpected headwinds. The Group remains steadfast on initiatives to improve operational efficiency in optimizing staff structure and strengthening our resources. We will strive to enhance customer service and product mix to address customer preferences and the latest market trends. We will continue to allocate resources in exploring new tour routing and customized trip planning for individual, small group 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 continue to explore development opportunities to expand our business.

The Group is confident that with our dedicated staff members and management team as well as continuous enhancement in services and products, we are 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 six months ended 30 September 2024, 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 in Appendix C1 of the Listing Rules.

REVIEW OF INTERIM RESULTS

The Audit Committee has reviewed and discussed with the management the interim results for the Period.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the “Model Code for Securities Transactions by Directors of Listed Issuers” set out in Appendix C3 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.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement of the Group for the Period is published on the websites of the Stock Exchange at www.hkexnews.hk and the Company at www.tegroup.com.hk. The interim 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 November 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.