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 2012

FINANCIAL HIGHLIGHTS

- Gross sales proceeds for the year ended 31 March 2012 was approximately HK$1,433.9million, representing an increase of 11.6% from approximately HK$1,285.0 million for the year ended 31 March 2011.
- Revenue for the year ended 31 March 2012 was approximately HK$229.2 million, representing an increase of 11.9% from approximately HK$204.8 million for the year ended 31 March 2011.
- Without regard to the equity-settled share option expense of approximately HK$2.5 million, the profit for the year increased by 5.5% from approximately HK$31.1 million for the year ended 31 March 2011 to approximately HK$32.8 million for the year ended 31 March 2012.
- Earnings per share attributable to owners of the Company for the year ended 31 March 2012, after taking into account of additional number of shares issued upon the placing and public offering of the Company's shares, was approximately HK6.7 cents, representing a decrease of 14.1% from approximately HK7.8 cents for the year ended 31 March 2011.
- Final dividend of HK3.6 cents per share is proposed for the year ended 31 March 2012 (2011: N/A)

ANNUAL RESULTS

The board of Directors (the "Board") 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 2012 together with comparative figures.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2012

	Notes	**2012** *HK$'000*	2011 *HK$'000*
Revenue	*5*	**229,188**	204,842
Other income	*5*	**5,870**	2,250
Selling and distribution costs		**(152,498)**	(138,418)
Administrative expenses		**(45,666)**	(30,345)
Profit from operations	*6*	**36,894**	38,329
Finance cost	*7*	**(90)**	—
Profit before income tax		**36,804**	38,329
Income tax expense	*8*	**(6,465)**	(7,220)
Profit for the year attributable to owners of the Company		**30,339**	31,109
Other comprehensive income			
Fair value loss on available-for-sale financial assets		**(142)**	(33)
Reclassification adjustment for disposal of available-for-sale financial assets		**175**	—
Other comprehensive income for the year, net of tax		**33**	(33)
Total comprehensive income for the year attributable to owners of the Company		**30,372**	31,076
Earnings per share attributable to owners of the Company	*10*		
— Basic		**HK6.7 cents**	HK7.8 cents
— Diluted		**N/A**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2012

	Notes	2012 HK$'000	2011 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	11	**53,135**	4,401
Deposit paid for purchase of property, plant and equipment	13	**—**	2,150
Available-for-sale financial assets		**—**	7,856
		53,135	14,407
Current assets			
Inventories		**1,701**	723
Trade receivables	12	**7,985**	5,264
Prepayments, deposits and other receivables	13	**31,792**	34,398
Prepaid tax		**814**	—
Time deposits over three months		**100,000**	—
Pledged deposits		**—**	34
Cash and cash equivalents		**57,136**	94,866
		199,428	135,285
Current liabilities			
Trade payables	14	**110,446**	87,616
Accrued charges, deposits received and other payables		**28,104**	29,506
Bank borrowing	15	**6,533**	—
Dividend payable		**—**	10,000
Provision for tax		**84**	1,122
		145,167	128,244
Net current assets		**54,261**	7,041
Net assets		**107,396**	21,448
EQUITY			
Equity attributable to owners of the Company			
Share capital	16	**5,000**	—
Reserves		**102,396**	21,448
Total equity		**107,396**	21,448

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

For the year ended 31 March 2012

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 Group is located at 9/F., Kowloon Plaza, No. 485 Castle Peak Road, Lai Chi Kok, Kowloon, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 30 September 2011.

The principal activity of the Company is investment holding. The principal activity of the Group is the provision of travel related products and services.

2. THE REORGANISATION AND BASIS OF PRESENTATION

In preparation for listing of the Company's shares on the Main Board of the Stock Exchange, a group reorganisation (the "Reorganisation") was undertaken, pursuant to which the group companies engaged in the travel related business (the "Core Business") owned by T.E. (Holdings) Limited ("TEHL") were transferred to the Company. Details of the Reorganisation have been set out in the Prospectus dated 16 September 2011 issued by the Company.

Subsequent to the Reorganisation, on 30 September 2011, the Company issued totally 100,000,000 shares to public under placing and public offer ("Share Offer") at HK$0.63 per share, and the shares of the Company were listed on the Stock Exchange. The total number of issued shares of the Company after the Share Offer was 500,000,000 shares.

The Group is regarded as a continuing entity resulting from the Reorganisation since the management and shareholders of the Core Business and the companies which took part in the Reorganisation remained the same before and after the Reorganisation. Consequently, immediately after the Reorganisation, there was a continuation of risks and benefits to the ultimate controlling parties that existed prior to the Reorganisation.

The financial statements have therefore been prepared using the principles of merger accounting as if the current group structure had been in existence throughout the years. Accordingly, the assets and liabilities of the combining entities or businesses as at each reporting date are combined using the existing book values. No amount is recognised as consideration for goodwill or the excess of legal acquirer's interest in the net fair value of the legal acquireeer's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination. The results and cash flows of the Group include the results and cash flows of each of the combining entities or businesses from the date of incorporation/establishment or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination. All significant intra-group transactions, balances and unrealised gains on transactions have been eliminated on combination. Unrealised losses are also eliminated unless the transactions provide evidence of an impairment of the asset transferred.

3. BASIS OF PREPARATION

The financial statements for the year ended 31 March 2012 have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collectively includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The financial statements also include the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Stock Exchange.

4. ACCOUNTING POLICIES

(a) Adoption of new/revised HKFRSs — effective 1 April 2011

In current year, the Group has applied for the first time the following new standards, amendments and interpretations (the "new HKFRSs") issued by the HKICPA, which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 April 2011.

HKFRSs (Amendments)	Improvements to HKFRSs 2010
HKAS 24 (Revised)	Related Party Disclosures

Other than as further explained below, the adoption of the new HKFRSs has no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

HKFRS 7 (Amendments) — Financial Instruments: Disclosures

As part of the Improvements to HKFRSs issued in 2010, HKFRS 7 has been amended to enhance the interaction between quantitative and qualitative disclosures. If the carrying amount of a financial asset best represents the maximum exposure to credit risk, the standard does not require a positive statement to this effect in the financial statements. This amended disclosure requirement has been applied retrospectively. The carrying amount of the Group's financial assets represents the Group's maximum exposure to credit risk of these assets as at 31 March 2011 and 2012. The prior year financial statements included a positive statement to this effect which is removed in the 2012 financial statements following the amendments. The adoption of the amendments has no impact on the Group's reported profit or loss, total comprehensive income or equity for any period presented.

HKAS 24 (Revised) — Related Party Disclosures

HKAS 24 (Revised) amends the definition of related party and clarifies its meaning. This may result in changes to those parties who are identified as being related parties of the reporting entity. The Group has reassessed the identification of its related parties in accordance with the revised definition and concluded that has no impact on the Group's reported profit or loss, total comprehensive income or equity for any period presented.

HKAS 24 (Revised) also introduces simplified disclosure requirements applicable to related party transactions where the Group and the counterparty are under the common control, joint control or significant influence of a government, government agency or similar body. These new disclosures are not relevant to the Group because the Group is not a government related entity.

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

The following new/revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

Amendments to HKFRS 1	First-time Adoption of HKFRSs — Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[1]
Amendments to HKFRS 7	Disclosures — Transfers of Financial Assets[1]
Amendments to HKFRS 7	Financial Instruments: Disclosures — Offsetting Financial Assets and Financial Liabilities[4]
Amendments to HKAS 12	Deferred Tax — Recovery of Underlying Assets[2]
Amendments to HKAS 1 (Revised)	Presentation of Items of Other Comprehensive Income[3]
Amendments to HKAS 32	Financial Instruments: Presentation — Offsetting Financial Assets and Financial Liabilities[5]
HKFRS 9	Financial Instruments[6]
HKFRS 10	Consolidated Financial Statements[4]
HKFRS 11	Joint Arrangements[4]
HKFRS 12	Disclosure of Interests in Other Entities[4]
HKFRS 13	Fair Value Measurement[4]
HKAS 19 (2011)	Employee Benefits[4]
HKAS 27 (2011)	Separate Financial Statements[4]
HKAS 28 (2011)	Investments in Associates and Joint Ventures[4]
HK(IFRIC)-Interpretation 20	Stripping Costs of the Production Phase of a Surface Mine[4]
Annual Improvements 2009–2011 Cycle	Amendments to a number of HKFRSs contained in Annual Improvements 2009–2011 Cycle Issued in June 2014[4]

1 Effective for annual periods beginning on or after 1 July 2011
2 Effective for annual periods beginning on or after 1 January 2012
3 Effective for annual periods beginning on or after 1 July 2012
4 Effective for annual periods beginning on or after 1 January 2013
5 Effective for annual periods beginning on or after 1 January 2014
6 Effective for annual periods beginning on or after 1 January 2015

The Directors anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncements. Information on new and amended HKFRSs that are expected to have impact on the Group's accounting policies is provided below. The Directors are currently assessing the impact of other new and amended HKFRSs upon initial application but are not yet in a position to state whether they would have material financial impact on the Group's results and financial position.

Amendments to HKFRS 7 — Disclosures — Transfers of Financial Assets

The amendments to HKFRS 7 improve the disclosure requirements for transfer transactions of financial assets and allow users of financial statements to better understand the possible effects of any risks that may remain with the entity on transferred assets. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period.

HKFRS 9 — Financial Instruments

Under the standard, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for those non-trade equity investments, which the entity will have a choice to recognise the gains and losses in other comprehensive income. HKFRS 9 carries forward the recognition and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

HKFRS 10 — Consolidated Financial Statements

HKFRS 10 introduces a single control model for consolidation of all investee entities. An investor has control when it has power over the investee (whether or not that power is used in practice), exposure or rights to variable returns from the investee and the ability to use the power over the investee to affect those returns. HKFRS 10 contains extensive guidance on the assessment of control. For example, the standard introduces the concept of "de facto" control where an investor can control an investee while holding less than 50% of the investee's voting rights in circumstances where its voting interest is of sufficiently dominant size relative to the size and dispersion of those of other individual shareholders to give it power over the investee. Potential voting rights are considered in the analysis of control only when these are substantive, i.e. the holder has the practical ability to exercise them. The standard explicitly requires an assessment of whether an investor with decision making rights is acting as principal or agent and also whether other parties with decision making rights are acting as agents of the investor. An agent is engaged to act on behalf of and for the benefit of another party and therefore does not control the investee when it exercises its decision making authority. The adoption of HKFRS 10 may result in changes in those entities which are regarded as being controlled by the Group and are therefore consolidated in the financial statements. The accounting requirements in the existing HKAS 27 on other consolidation related matters are carried forward unchanged. HKFRS 10 is applied retrospectively subject to certain transitional provisions.

Amendments to HKAS 1 (Revised) — Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 (Revised) require the Group to separate items presented in other comprehensive income into those that may be reclassified to profit and loss in the future (e.g. revaluations of available-for-sale financial assets) and those that may not (e.g. revaluations of property, plant and equipment). Tax on items of other comprehensive income is allocated and disclosed on the same basis. The amendments will be applied retrospectively.

5. REVENUE AND OTHER INCOME AND SEGMENT INFORMATION

The Group's principal activities are the provision of services relating to the sale of air-tickets, hotel accommodation and other travel related products. An analysis of the Group's revenue from principal activities which is the Group's turnover and other income is as follows:

	2012	2011
	HK$'000	*HK$'000*
Turnover/Revenue	**229,188**	204,842
Other income		
Interest income on deposits in banks and financial institutions stated at amortised cost	**935**	189
Dividend income	**160**	185
Sundry income	**4,775**	1,876
	5,870	2,250
Total revenue and other income	**235,058**	207,092

Gross sales proceeds

Gross sales proceeds from the sales of air-tickets, hotel accommodation and other travel related products, which does not represent revenue, representing the price at which products have been sold inclusive of any service fees are as follows:

	2012	2011
	HK$'000	*HK$'000*
Gross sales proceeds	**1,433,879**	1,285,036

Segment information

The Group has identified its operating segment based on the regular internal financial information reported to the Group's executive Directors for their decisions about resources allocation and review of performance. The only component in the internal reporting to the Group's executive Directors is the Group's travel agency business which comprises the service income from the sales of travel packages including air-tickets, hotel accommodation and other travel related products. In addition, the customers of the Group, based on the location at which the services were provided, are from Hong Kong and no revenue from transactions with a single customer amounts to 10 per cent or more of the Group's revenue. Accordingly, no segment disclosures are disclosed or required to be disclosed.

6. PROFIT FROM OPERATIONS

	2012	2011
	HK$'000	*HK$'000*
Profit from operations is arrived at after charging/(crediting):		
Depreciation*	**5,019**	3,311
Loss on disposal of property, plant and equipment	**4**	28
Loss on disposal of available-for-sale financial assets	**175**	—
Net fair value loss on financial assets at fair value through profit or loss	**—**	282
Net foreign exchange gain	**(1,208)**	(490)
Operating lease charges in respect of leasehold premises		
— Minimum leases payments	**33,359**	28,456
— Contingent rents**	**1**	31
	33,360	28,487
Operating leases in respect of office equipment	**708**	431
Staff costs (excluding Directors' remuneration):		
— Salaries	**110,702**	92,912
— Retirement scheme contribution	**4,081**	3,668
— Share-based payment expenses	**1,755**	—
	116,538	96,580

* Depreciation expenses have been included in:

— selling and distribution costs approximately of HK$3,690,000 for the year ended 31 March 2012 (2011: HK$2,694,000); and

— administrative expenses approximately of HK$1,329,000 for the year ended 31 March 2012 (2011: HK$617,000).

** The contingent rents are determined based on certain percentage of the gross sales of the relevant shops when the sales meet certain specified level.

7. FINANCE COST

	2012	2011
	HK$'000	*HK$'000*
Interest on bank borrowing		
— not wholly repayable within five years	**90**	—

8. INCOME TAX EXPENSE

	2012	2011
	HK$'000	*HK$'000*
Current tax — Hong Kong		
Tax for the year	**6,478**	7,220
Over provision in respect of prior year	**(13)**	—
	6,465	7,220

9. DIVIDEND

	2012	2011
	HK$'000	*HK$'000*
Interim dividend	**—**	47,012
Proposed final dividend	**18,000**	—
	18,000	47,012

The dividends approved and declared during the year are summarised as follows:

	2012	2011
	HK$'000	*HK$'000*
Interim dividend	**—**	47,012
Final dividend proposed in the previous year	**—**	8,000
	—	55,012

Dividend approved and declared during the year ended 31 March 2011 was paid by the subsidiary, Travel Expert Enterprises Limited ("TEEL") to its then respective equity holder, TEHL. The rate of dividend and the number of shares ranking for dividends are not presented as such information are not meaningful.

The Directors recommend a final dividend of HK3.6 cents per ordinary share for the year ended 31 March 2012, amounting to approximately HK$18,000,000, and is subject to approval by the shareholders in the forthcoming annual general meeting. The proposed dividends are not reflected as a dividend payable in these financial statements, but reflected as an appropriation of retained earnings for the year.

10. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit for the year attributable to owners of the Company of approximately HK$30,339,000 (2011: HK$31,109,000) and 450,820,000 (2011: 400,000,000) weighted average number of ordinary shares in issue during the year.

The number of shares used to calculate the basic earnings per share for the year ended 31 March 2011 represents the number of shares of the Company immediately after the Reorganisation and the Capitalisation Issue (as defined in note 16) as if there shares had been in issue throughout the year ended 31 March 2011 but excluding any share issued pursuant to the Company's placement and public offering in September 2011.

The weighted average number of shares used to calculate the basic earnings per share for the year ended 31 March 2012 includes the weighted average of 50,820,000 shares after issued upon the placing and public offering of the Company's shares in September 2011, in addition to the aforementioned 400,000,000 ordinary shares used in the calculation of basic earnings per share for the year ended 31 March 2011.

No diluted earnings per share is presented as the exercise price of the Company's outstanding options were higher than the average market price for the year.

11. PROPERTY, PLANT AND EQUIPMENT

During the year ended 31 March 2012, the Group incurred capital expenditure of approximately HK$45,108,000 (2011: Nil) in land and building, approximately HK$4,827,000 (2011: HK$3,505,000) in leasehold improvement, approximately HK$2,621,000 (2011: HK$924,000) in office equipment, and approximately HK$1,201,000 (2011: HK$603,000) in furniture and fixtures.

12. 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 provision, is as follows:

	2012	2011
	HK$'000	*HK$'000*
0–30 days	**6,164**	4,121
31–90 days	**1,564**	1,143
Over 90 days	**257**	—
	7,985	5,264

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

13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2012	2011
	HK$'000	*HK$'000*
Prepayments	**2,595**	3,526
Deposits	**20,257**	15,883
Deposit paid for purchase of property, plant and equipment	**—**	2,150
Other receivables	**8,940**	14,989
	31,792	36,548
Less: Portion due within one year included under current assets	**(31,792)**	(34,398)
Non-current portion include under non-current assets	**—**	2,150

14. TRADE PAYABLES

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

	2012	2011
	HK$'000	*HK$'000*
0–30 days	**84,713**	69,167
31–90 days	**20,799**	12,882
Over 90 days	**4,934**	5,567
	110,446	87,616

15. BANK BORROWING

	2012	2011
	HK$'000	*HK$'000*
Secured bank borrowing		
Portion due for repayment within one year	**701**	—
Portion due for repayment after one year which contain a repayable on demand clause	**5,832**	—
	6,533	—

The Group's interest-bearing bank borrowing bears floating rate at 1.75% per annum over 1 month HIBOR and is secured by the Group's land and buildings of approximately HK$44,689,000 as at 31 March 2012.

The current liabilities include bank borrowing of approximately HK$5,832,000 (2011:Nil) that are not scheduled to repay within one year. They are current liabilities as the related loan agreement contains a clause that provides the lender with an unconditional right to demand repayment at any time at its own discretion.

16. SHARE CAPITAL

	Number of shares	**Amount**
	'000	*HK$'000*
Authorised:		
Ordinary shares of HK$0.01 each		
At 1 April 2010 and 31 March 2011	39,000	390
Increase in authorised ordinary shares	1,961,000	19,610
At 31 March 2012	**2,000,000**	**20,000**
Issued and fully paid:		
Ordinary shares of HK$0.01 each		
At 1 April 2010 and 31 March 2011	—	—
Issue of shares	10	—
Issue of shares by way of placement and public offer	100,000	1,000
Share capitalisation	399,990	4,000
At 31 March 2012	**500,000**	**5,000**

Pursuant to the written resolutions passed by the sole shareholder of the Company dated 6 September 2011, the authorised share capital of the Company was increased from HK$390,000 to HK$20,000,000 by the creation of an additional 1,961,000,000 shares to rank pari passu with the existing shares in all respect.

On 6 September 2011, the Company allotted and issued 9,999 ordinary shares of HK$0.01 each as consideration for acquisition of TEEL from TEHL.

Pursuant to written resolutions passed by the sole shareholder of the Company on 6 September 2011, the directors capitalised HK$4,000,000 from the amount standing to the credit of the share premium account of the Company and applied such amount to pay up in full at par of 399,990,000 shares ("Capitalisation Issue").

In connection with the Company's initial public offering, the Company issued 100,000,000 ordinary shares of HK$0.01 each at a price of HK$0.63 each for a total consideration (before expenses) of approximately HK$63,000,000. Dealings of the Company's shares on the Main Board of the Stock Exchange were commenced on 30 September 2011.

DIVIDEND

The Directors recommended the payment of a final dividend of HK3.6 cents per ordinary share for the year ended 31 March 2012 (2011: N/A) to shareholders whose names appear on the Company's register of members on 28 August 2012. Subject to the approval by the shareholders at the forthcoming annual general meeting ("AGM"), the dividend cheques are expected to be despatched to shareholders on or around 7 September 2012.

CLOSURE OF REGISTER OF MEMBERS FOR AGM

The register of members of the Company will be closed from 15 August 2012 to 17 August 2012, both days inclusive, for the purpose of determining the entitlement to attend and vote at the AGM scheduled to be held on 17 August 2012. 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 Share Registrar in Hong Kong, Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 14 August 2012.

CLOSURE OF REGISTER OF MEMBERS FOR DIVIDEND

The register of members of the Company will be closed from 24 August 2012 to 28 August 2012, both days inclusive, for the purpose of determining the entitlement to the proposed final dividend for the year ended 31 March 2012. In order to qualify for the proposed final dividend for the year ended 31 March 2012, all transfers forms accompanied by relevant share certificates must be lodged with the Company's Share Registrar in Hong Kong, Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 23 August 2012.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

During the second half of the year, our business experienced a good improvement in terms of operating result comparing to the first half of the year. The Group's revenue for the year ended 31 March 2012 amounted to approximately HK$229.2 million (2011: HK$204.8 million), representing an increase of 11.9% compared to last year. Profit for the year attributable to the owners of our Company decreased by HK$770,000 to approximately HK$30.3 million, was mainly due to the staff share options expenses and increase in administrative expenses. Without regard to the equity-settled share option expense of HK$2.5 million, the profit for the year increased by 5.5% from HK$31.1 million for the year ended 31 March 2011 to HK$32.8 million for the year ended 31 March 2012. Basic earnings per share attributable to owners of our Company for the year ended 31 March 2012 was HK6.7 cents as compared to HK7.8 cents for last year.

BUSINESS REVIEW

Gross sales proceeds amounted to approximately HK$1,433.9 million, representing an increase of 11.6% compared to HK$1,285.0 million of last year. After deducting the cost of travel related products, net of the incentive income from service providers, airlines and other travel products suppliers (primarily consists of cost of air tickets, hotel accommodations and other travel related products, such as visa processing and travel insurance processing) of approximately HK$1,204.7 million (2011: HK$1,080.2 million), revenue for the year ended 31 March 2012 was HK$229.2 million (2011: HK$204.8 million), an increase of approximately 11.9 % from last year.

Retail Business

The Group carried out its Hong Kong retail business through Travel Expert Limited (專業國際旅運有限公司), which is the core and main focus of the Group's business in the year under review.

Japan's nuclear radiation leakage incident occurred in March 2011 has brought adverse effect to our business in the first half of the year but the numbers of our customers to Japan has returned to the normal level after a few months of the incident. Despite the flooding in Thailand last October, we saw positive business growth during Christmas, New Year and Easter holidays. All travel destinations have registered growth in revenue during the second half of the year ended 31 March 2012.

Corporate Business

During the year, we have set up a new business line Travel Expert Business Services Limited (專業旅運商務有限公司) ("TEBSL") to focus on corporate business. After the new general manager of TEBSL being on board in mid July 2011, actions have been taken to restructure the business and strengthen our sales capabilities for corporate customers. In addition to the ordinary corporate travel activities, this new business line is developing the MICE business as well which cover the travel activities related to Meeting, Incentive trip, Conference and Event. As the business is still under the development stage, its contribution to the Group's result is not substantial. We will continue our effort to build up the corporate business in the coming years.

FINANCIAL REVIEW

Selling and Distribution Costs

Selling and distribution costs were approximately HK$152.5 million for the year ended 31 March 2012, an increase of approximately 10.2% from HK$138.4 million for last year. During the period under review, our selling and distribution expenses representing approximately 66.5% of our revenue, a decrease of approximately 1.1% from 67.6% in last year.

Salaries for frontline staff and the rents and rates on retail shops accounted for the vast majority of our selling and distribution costs. The increase of salaries for frontline staff was attributable to the annual salary increment, improved salary scheme and increase of number of frontline staffs during the year. The increase of rents and rates on retail shops was attributable to a general increase in rent of retail property during the period that was in line with the market trend as well as an increase in the number of outlets. As at 31 March 2012, we operated a total of 55 retail shops across Hong Kong, an increase of 9 retail shops from 46 retail shops as at 31 March 2011.

Administrative Expenses

For the year ended 31 March 2012, administrative expenses of the Group amounted to approximately HK$45.7 million, representing an increase of 50.5% compared to last year. During the year under review, our administrative expenses accounted for 19.9% of our revenue, an increase of 5.1% from 14.8% of last year.

For the year ended 31 March 2012, salaries for back office staff accounted for the largest portion of our administrative expenses. The increase of salaries was mainly attributable to the recruitment of several senior management positions during the year, with an aim to enhance the quality of our back office; annual salary increment and improved staff benefits. In addition, the equity-settled share options expense of HK$2.5 million and the related charges incurred for the listing on the Main Board of The Stock Exchange of Hong Kong Limited of HK$1.7 million is charged to the profit or loss for the year ended 31 March 2012.

Finance Cost

Finance cost of the Group for the year ended 31 March 2012 was HK$90,000 which was related to an interest-bearing bank borrowings of a mortgage loan for the Group's property. (2011: Nil).

Liquidity, Financial Resources and Capital Resources

The Group generally finances the liquidity requirements through internally generated resources and will only finance with available banking facilities whenever necessary. Our balance sheet remained strong and healthy especially after the receipt of listing proceeds of HK$63.0 million.

The Group recorded a strong cash inflow during the year under review. Including the time deposits over three months, we hold abundant cash and cash equivalents of approximately HK$157.1 million as at 31 March 2012 (31 March 2011: HK$94.9 million).

The Group did not hold any significant financial investment as at 31 March 2012.

As at 31 March 2012, the Group's current ratio (current assets divided by current liabilities) was 1.37 times compared with 1.05 times as at 31 March 2011, and the gearing ratio (interest-bearing borrowings divided by equity attributable to owners of the Company) was approximately 6.0% as compared with nil as at 31 March 2011. In view of the Group's steady cash inflow from operations together with the abundant cash position, the Group has adequate financial resources to support its future business development and expansion plan.

Contingent Liabilities

The Group did not have any contingent liabilities as at 31 March 2012.

Capital Commitment

The Group did not have any significant capital commitments as at 31 March 2012 (31 March 2011: HK$40.9 million).

Pledge of Assets

As at 31 March 2012, our Group had an outstanding mortgage loan amounted to approximately HK$6.5 million (31 March 2011: Nil) which is repayable on demand. Such loan was secured by the Group's land and building. The interest of the said loan was calculated at 1.75% per annum over 1 month HIBOR (2011: N/A).

Foreign Exchange Risks and Treasury Policies

Our Group has foreign currency exposures. Such exposures mainly arise from the balance of assets and liabilities in currencies other than in Hong Kong dollars, our Group's functional currency. Our Group's policy requires the management to monitor our 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 purposes of meeting our future payment obligation in foreign currency.

For the year under review, an exchange gain of approximately HK$1.2 million was recorded (2011: HK$0.5 million).

Human Resources and Employees' Remuneration

As at 31 March 2012, the Group had a total workforce of 483 (31 March 2011: 456), of which 79.1% were front line staff.

Employees' remuneration package is determined by reference to the market pay and individual performance and will be reviewed on a regular basis. Other benefits include contributions to mandatory provident fund and medical insurance. In addition, the Group has granted Pre-IPO share options to certain eligible persons pursuant to a Pre-IPO share option scheme before listing in September 2011.

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 market conditions.

OUTLOOK

In the coming year, we expect to face more keen competition and hike in shop rental. In order to maintain our competiveness and leading position in the travel agent industry, we will continue to expand our retail sales network by opening more retail outlets in strategic and well selected locations with reasonable rental fees. We will continue to upgrade our information technology system and streamline our internal process flow, so as to increase our efficiency and provide quality services to our customers. We will also diversify our business by developing corporate business under the name of TEBSL. Meanwhile, a new brand name called Tailor Made Holidays (度新假期) is under development and we will make use of this new brand name to develop another new business line.

Regarding the overseas expansion, we have already established a wholly owned subsidiary in Shenzhen, China and received the operating business license in April 2012. We are still identifying the best business approach to expand our retail business into China.

Looking ahead, we will remain cautious in expanding our business. We will also place more effort in controlling our selling and administrative expenses in the coming year, and strive to maximize the value of our shareholders.

USE OF PROCEEDS

The proceeds from the placing and initial public offer of the Company amounted to HK$63 million. During the year under review, the proceeds were used for the following purposes:

— approximately HK$0.3 million was used to increase the headcounts and resources for developing corporate and MICE business;

— approximately HK$0.6 million was used as the initial setup expenses for our China business, such as establishing the legal entity's infrastructure and obtaining business license; and

— approximately HK$5.0 million was used to setup our new headquarters and upgrade of operational infrastructure.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period from the date of listing on 30 September 2011 to 31 March 2012 (the "Review Period").

CORPORATE GOVERNANCE

During the Review Period, the Company has complied with all the code provisions set out in the Code on Corporate Governance Practices which was in effect before 1 April 2012 as set out in former Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange.

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 2012.

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 to the Listing Rules (the "Model Code") as its code of conduct regarding the directors' securities transactions.

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 Review Period.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement of the Group for the year ended 31 March 2012 is published on the websites of the Stock Exchange at www.hkexnews.hk and the Company at www.travelexpert.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 2012

As at the date of this announcement, our executive Directors are Mr. Ko Wai Ming, Daniel, Ms. Cheng Hang Fan, Mr. Kam Tze Ming, Alfred and Mr. Chan Wan Fung; and our independent non-executive Directors are Mr. Mak King Sau, Mr. Szeto Chi Man and Mr. Yung Ha Kuk, Victor.