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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 2013

FINANCIAL HIGHLIGHTS

- Gross sales proceeds for the year was HK$1,604.8 million, representing an increase of 11.9% from HK$1,433.9 million for the previous year.
- Revenue, excluding the rental income from investment property of HK$0.4 million (2012: Nil), for the year was HK$263.8 million, representing an increase of 15.1% from HK$229.2 million for the previous year.
- Profit for the year was HK$41.3 million, representing an increase of 36.3% from HK$30.3 million for the previous year.
- Excluding the impact of increase in fair value of investment property of HK$8.5 million for the year (2012: Nil), the profit for the year increased by 8.3% from HK$30.3 million for the previous year to HK$32.8 million.
- Earnings per share attributable to owners of the Company for the year was HK8.3 cents, representing an increase of 23.9% from HK6.7 cents for the previous year.
- Final dividend of HK4.0 cents per share is proposed for the year ended 31 March 2013 (2012: HK3.6 cents).

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 2013 together with comparative figures.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2013

	Notes	2013 HK$'000	2012 HK$'000
Revenue	5	**264,263**	229,188
Other income	5	**6,903**	5,870
Increase in fair value of investment property	11	**8,549**	–
Selling and distribution costs		**(186,273)**	(152,498)
Administrative expenses		**(45,885)**	(45,666)
Profit from operations	6	**47,557**	36,894
Finance cost	7	**(223)**	(90)
Profit before income tax		**47,334**	36,804
Income tax expense	8	**(5,995)**	(6,465)
Profit for the year attributable to owners of the Company		**41,339**	30,339
Other comprehensive income			
Fair value loss on available-for-sale financial assets		**–**	(142)
Reclassification adjustment for disposal of available-for-sale financial assets		**–**	175
Exchange difference on translation of financial statements of overseas subsidiary		**9**	–
Other comprehensive income for the year, net of tax		**9**	33
Total comprehensive income for the year attributable to owners of the Company		**41,348**	30,372
Earnings per share attributable to owners of the Company	10		
— Basic		**HK8.3 cents**	HK6.7 cents
— Diluted		**N/A**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2013

	Notes	2013 HK$'000	2012 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**52,311**	53,135
Investment property	11	**62,000**	–
		114,311	53,135
Current assets			
Inventories		**2,390**	1,701
Trade receivables	12	**8,224**	7,985
Prepayments, deposits and other receivables	13	**40,387**	31,792
Prepaid tax		**855**	814
Time deposits over three months		**70,000**	100,000
Cash and cash equivalents		**78,279**	57,136
		200,135	199,428
Current liabilities			
Trade payables	14	**119,603**	110,446
Accrued charges, deposits received and other payables	15	**33,426**	28,104
Bank borrowings	16	**27,415**	6,533
Provision for tax		**443**	84
		180,887	145,167
Net current assets		**19,248**	54,261
Net assets		**133,559**	107,396
EQUITY			
Equity attributable to owners of the Company			
Share capital	17	**5,019**	5,000
Reserves		**128,540**	102,396
Total equity		**133,559**	107,396

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

For the year ended 31 March 2013

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").

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 on 30 September 2011, a group reorganisation (the "Reorganisation") was undertaken. Details of the Reorganisation have been set out in the Prospectus dated 16 September 2011 issued by the Company.

The financial statements for the year ended 31 March 2012 have been prepared using the principles of merger accounting as if the current group structure had been in existence since 1 April 2011. Under this method, the Company has been treated as the holding company of its subsidiaries for the year ended 31 March 2012 rather than from the date of acquisition of the subsidiaries. The financial statements for the year ended 31 March 2012 have been prepared as if the Company has always been the holding company of the Group. The results and cash flows of the Group include the results and cash flows of each of the combining entities or businesses since 1 April 2011 or from the date of incorporation/establishment. 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. In the opinion of the directors, the financial statements prepared on the above basis, present more fairly the results, cash flows and state of affairs of the Group as a whole.

3. BASIS OF PREPARATION

The accounting for the Reorganisation is detailed in note 2 above.

The financial statements for the year ended 31 March 2013 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 of Hong Kong Limited.

4. ACCOUNTING POLICIES

(a) Adoption of new/revised HKFRSs — effective 1 April 2012

In the current year, the Group has for the first time applied 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 2012.

Amendments to HKFRS 7	Disclosures — Transfers of Financial Assets
Amendments to HKAS 12	Deferred Tax — Recovery of Underlying Assets

Except as 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.

The amendments to HKAS 12 introduce a rebuttable presumption that an investment property that is stated at fair value under HKAS 40 "Investment Property" is recovered entirely through sale. The measurement of the deferred tax liability or deferred tax asset reflects the tax consequences of recovering the carrying amount of the investment property entirely through sale. This presumption is rebutted if the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If this presumption is rebutted, the amount of deferred tax is measured based on the expected manner in which the carrying amount of the investment property would be recovered, using the appropriate tax rates enacted or substantially enacted at the reporting date.

The Group has investment property located in Hong Kong measured at fair value of approximately HK$62,000,000 as at 31 March 2013 (31 March 2012: nil) with an increase in fair value of approximately HK$8,549,000 as disclosed in note 11. The Group has assessed that the presumption in the amendments to HKAS 12 should be adopted in respect of the Group's investment property and the associated deferred tax liability of the investment property has been re-measured on the presumption that it is recovered entirely through sale. The Directors of the Company consider that the effect of the adoption of the amendments to HKAS 12 on the financial statements of the Group is to decrease the deferred tax liability and the income tax expense of approximately HK$1,411,000 as there is no capital gain tax on sale of the investment property located in Hong Kong.

(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.

HKFRSs (Amendments)	Annual Improvements 2009-2011 Cycle[2]
Amendments to HKAS 1 (Revised)	Presentation of Items of Other Comprehensive Income[1]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[3]
Amendments to HKFRS 7	Offsetting Financial Assets and Financial Liabilities[2]
HKFRS 9	Financial Instruments[4]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangements[2]
HKFRS 12	Disclosure of Interests in Other Entities[2]
HKFRS 13	Fair Value Measurement[2]
HKAS 19 (2011)	Employee Benefits[2]
HKAS 27 (2011)	Separate Financial Statements[2]
HKAS 28 (2011)	Investments in Associates and Joint Ventures[2]

[1] Effective for annual periods beginning on or after 1 July 2012
[2] Effective for annual periods beginning on or after 1 January 2013
[3] Effective for annual periods beginning on or after 1 January 2014
[4] 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 any material financial impact on the Group's results and financial position.

HKFRSs (Amendments) — Annual Improvements 2009-2011 Cycle

The improvements made amendments to four standards.

(i) HKAS 1 Presentation of Financial Statements

The amendments clarify that the requirement to present a third statement of financial position when an entity applies an accounting policy retrospectively or makes a retrospective restatement or reclassification of items in its financial statements is limited to circumstances where there is a material effect on the information in that statement of financial position. The date of the opening statement of financial position is the beginning of the preceding period and not, as at present, the beginning of the earliest comparative period. The amendments also clarify that, except for disclosures required by HKAS 1.41-44 and HKAS 8, the related notes to the third statement of financial position are not required to be presented. An entity may present additional voluntary comparative information as long as that information is prepared in accordance with HKFRS. This may include one or more statements and not a complete set of financial statements. Related notes are required for each additional statement presented.

(ii) HKAS 16 Property, Plant and Equipment

The amendments clarify that items such as spare parts, stand-by equipment and servicing equipment are recognised as property, plant and equipment when they meet the definition of property, plant and equipment. Otherwise, such items are classified as inventory.

(iii) HKAS 32 Financial Instruments: Presentation

The amendments clarify that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction should be accounted for in accordance with HKAS 12 Income Taxes. Depending on the circumstances these items of income tax might be recognised in equity, other comprehensive income or in profit or loss.

(iv) HKAS 34 Interim Financial Reporting

The amendments clarify that in interim financial statements, a measure of total assets and liabilities for a particular reportable segment needs to be disclosed when the amounts are regularly provided to the chief operating decision maker and there has been a material change in the total assets and liabilities for that segment from the amount disclosed in the last annual financial statements.

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.

Amendments to HKAS 32 — Offsetting Financial Assets and Financial Liabilities

The amendments clarify the offsetting requirements by adding appliance guidance to HKAS 32 which clarifies when an entity "currently has a legally enforceable right to set off" and when a gross settlement mechanism is considered equivalent to net settlement.

Amendments to HKFRS 7 — Offsetting Financial Assets and Financial Liabilities

HKFRS 7 is amended to introduce disclosures for all recognised financial instruments that are set off under HKAS 32 and those that are subject to an enforceable master netting agreement or similar arrangement, irrespective of whether they are set off under HKAS 32.

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 implementation 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.

HKFRS 12 — Disclosure of Interests in Other Entities

HKFRS 12 integrates and makes consistent the disclosure requirements about interests in subsidiaries, associates and joint arrangements. It also introduces new disclosure requirements, including those related to unconsolidated structured entities. The general objective of the standard is to enable users of financial statements to evaluate the nature and risks of a reporting entity's interests in other entities and the effects of those interests on the reporting entity's financial statements.

HKFRS 13 — Fair Value Measurement

HKFRS 13 provides a single source of guidance on how to measure fair value when it is required or permitted by other standards. The standard applies to both financial and non-financial items measured at fair value and introduces a fair value measurement hierarchy. The definitions of the three levels in this measurement hierarchy are generally consistent with HKFRS 7 "Financial Instruments: Disclosures". HKFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). The standard removes the requirement to use bid and ask prices for financial assets and liabilities quoted in an active market. Rather the price within the bid-ask spread that is most representative of fair value in the circumstances should be used. It also contains extensive disclosure requirements to allow users of the financial statements to assess the methods and inputs used in measuring fair values and the effects of fair value measurements on the financial statements. HKFRS 13 can be adopted early and is applied prospectively.

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 and the property investment. An analysis of the Group's revenue from principal activities which is the Group's turnover and other income is as follows:

	2013	2012
	HK$'000	*HK$'000*
Turnover/Revenue		
Travel and travel related business *(note i)*	**263,823**	229,188
Rental income from investment property	**440**	–
	264,263	229,188
Other income		
Interest income on deposits in banks and financial institutions stated at amortised cost	**1,593**	935
Dividend income	**–**	160
Sundry income	**5,310**	4,775
	6,903	5,870
Total revenue and other income	**271,166**	235,058

(note i)

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:

	2013	2012
	HK$'000	*HK$'000*
Gross sales proceeds	**1,604,767**	1,433,879

Segment information

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

	Travel and travel related business		Rental income from investment property		Total	
	2013	2012	**2013**	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue						
From external customers	**263,823**	229,188	**440**	–	**264,263**	229,188
Reportable segment revenue	**263,823**	229,188	**440**	–	**264,263**	229,188
Reportable segment profit	**39,012**	39,436	**8,977**	–	**47,989**	39,436
Interest income	**1,593**	935	**–**	–	**1,593**	935
Depreciation	**(6,171)**	(5,019)	**–**	–	**(6,171)**	(5,019)
Interest expenses	**(91)**	(90)	**(132)**	–	**(223)**	(90)
Increase in fair value of investment property	**–**	–	**8,549**	–	**8,549**	–
Income tax expense	**5,995**	6,465	**–**	–	**5,995**	6,465
Reportable segment assets	**213,303**	211,383	**62,163**	–	**275,466**	211,383
Additions to non-current segment assets during the year	**5,361**	53,135	**53,451**	–	**58,812**	53,135
Reportable segment liabilities	**155,008**	142,706	**24,827**	–	**179,835**	142,706

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

	2013	2012
	HK$'000	*HK$'000*
Reportable segment revenue	**264,263**	229,188
Group revenue	**264,263**	229,188
Reportable segment profit	**47,989**	39,436
Finance cost	**(223)**	(90)
Other corporate expenses	**(432)**	(2,542)
Profit before income tax expense	**47,334**	36,804
Reportable segment assets	**275,466**	211,383
Other corporate assets	**38,980**	41,180
Group assets	**314,446**	252,563
Reportable segment liabilities	**179,835**	142,706
Other corporate liabilities	**1,052**	2,461
Group liabilities	**180,887**	145,167

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

	Revenue from external customers		Non-current assets	
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong (domicile)	**264,263**	229,188	**114,193**	53,135
The People's Republic of China (the "PRC") excluding Hong Kong	**–**	–	**118**	–
	264,263	229,188	**114,311**	53,135

The country of domicile is determined by referring to the country which the Group regards as its home country, has the majority of operations and centre of management.

The geographical location of customers is based on the location at which the services were provided. The geographical location of the non-current assets is based on the physical location of the asset.

The Group has a large number of customers, and no significant revenue was derived from specific external customers for the years ended 31 March 2012 and 2013.

6. PROFIT FROM OPERATIONS

	2013	2012
	HK$'000	*HK$'000*
Profit from operations is arrived at after charging/(crediting):		
Depreciation*	**6,171**	5,019
Loss on disposal of property, plant and equipment	**14**	4
Loss on disposal of available-for-sale financial assets	**–**	175
Net foreign exchange gain	**(720)**	(1,208)
Operating lease charges in respect of leasehold premises:		
— Minimum leases payments	**37,203**	33,359
— Contingent rents**	**13**	1
	37,216	33,360
Operating leases in respect of office equipment	**1,072**	708
Staff costs (excluding directors' remuneration):		
— Salaries	**130,474**	110,702
— Retirement scheme contribution	**5,179**	4,081
— Share-based payment expenses	**1,124**	1,755
	136,777	116,538

* Depreciation expenses have been included in:

— selling and distribution costs of approximately HK$3,211,000 for the year ended 31 March 2013 (2012: HK$3,690,000); and

— administrative expenses of approximately HK$2,960,000 for the year ended 31 March 2013 (2012: HK$1,329,000).

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

7. FINANCE COST

	2013	2012
	HK$'000	*HK$'000*
Interest on bank borrowings		
— not wholly repayable within five years	**223**	90

8. INCOME TAX EXPENSE

	2013	2012
	HK$'000	*HK$'000*
Current tax — Hong Kong		
Tax for the year	**6,053**	6,478
Over provision in respect of prior year	**(58)**	(13)
	5,995	6,465

Hong Kong profits tax is calculated at 16.5% (2012: 16.5%) on the estimated assessable profits for the year.

No deferred tax liabilities have been recognised in the financial statements as there are no material temporary differences.

9. DIVIDEND

	2013	2012
	HK$'000	*HK$'000*
Proposed final dividend	**20,077**	18,000
	20,077	18,000

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

	2013	2012
	HK$'000	*HK$'000*
Final dividend proposed in the previous year	**18,000**	–
	18,000	–

The directors recommend a final dividend of HK4.0 cents (2012: HK3.6 cents) per ordinary share for the year ended 31 March 2013, amounting to approximately HK$20,077,000 (2012: HK$18,000,000), which is subject to approval by the shareholders in the forthcoming annual general meeting. The proposed dividend is 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$41,339,000 (2012: HK$30,339,000) and 500,055,000 (2012: 450,820,000) weighted average number of ordinary shares in issue during the year.

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 issued upon the placing and public offering of the Company's shares in September 2011, in addition to the 400,000,000 ordinary shares which represents the number of shares of the Company issued immediately after the Reorganisation and the Capitalisation Issue (as defined in note 17) excluding any share issued pursuant to the Company's placement and public offering in September 2011.

No diluted earnings per share is presented for the years ended 31 March 2012 and 2013 as the exercise price of the Company's outstanding options were higher than the average market price for the year.

11. INVESTMENT PROPERTY

	2013	2012
	HK$'000	*HK$'000*
At beginning of the year	**–**	–
Additions	**53,451**	–
Increase in fair value of investment property	**8,549**	–
At end of the year	**62,000**	–

The investment property represents property interests held under operating leases to earn rentals or for capital appreciation purposes and the leasehold land in Hong Kong will expire in 2047.

The fair value of the Group's investment property as at 31 March 2013 was arrived at on the basis of a valuation carried out as at that date by B.I. Appraisals Limited, an independent qualified professional valuer not connected to the Group. B.I. Appraisals Limited is a member of the Hong Kong Institute of Valuers, and has appropriate qualifications and recent experience in the valuation of properties in the relevant location. The valuation was arrived at using the investment approach by taking into account the current net rents passing of the property being held under existing tenancy and the reversionary potential of the tenancy and by making reference to comparable sale evidence in the relevant market. The revaluation gain is recognised in profit or loss for the year.

The Group's investment property is pledged to a bank to secure a bank borrowing granted to the Group as at 31 March 2013 (note 16).

12. TRADE RECEIVABLES

The directors of the Group consider that the fair values of trade receivables are not materially different from their carrying amounts because these balances have short maturity periods on their inception.

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:

	2013	2012
	HK$'000	*HK$'000*
0–30 days	**6,865**	6,164
31–90 days	**1,280**	1,564
Over 90 days	**79**	257
	8,224	7,985

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

The ageing analysis of the Group's trade receivables that are not impaired, based on due date is as follows:

	2013	2012
	HK$'000	*HK$'000*
Neither past due nor impaired	**6,903**	4,864
Not more than 3 months past due	**1,321**	3,121
	8,224	7,985

Trade receivables that were neither past due nor impaired related to a wide range of customers for whom there was no recent history of default.

Trade receivables that were past due but not impaired related to a large number of diversified customers that had a good track record of credit with the Group. Based on past credit history, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered to be fully recoverable. The Group did not hold any collateral in respect of trade receivables past due but not impaired.

13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2013	2012
	HK$'000	*HK$'000*
Prepayments	**2,182**	2,595
Deposits	**22,450**	20,257
Other receivables	**15,755**	8,940
	40,387	31,792

The financial assets included in the above balances relate to receivables for which there was no recent history of default. None of these financial assets is either past due or impaired.

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:

	2013	2012
	HK$'000	*HK$'000*
0 – 30 days	**85,125**	84,713
31– 90 days	**27,149**	20,799
Over 90 days	**7,329**	4,934
	119,603	110,446

The trade payables are short term and hence the carrying values of the Group's trade payables are considered to be a reasonable approximation of fair value.

15. ACCRUED CHARGES, DEPOSITS RECEIVED AND OTHER PAYABLES

	2013	2012
	HK$'000	*HK$'000*
Accrued charges	**22,143**	14,168
Deposits received	**5,534**	4,375
Other payables	**5,749**	9,561
	33,426	28,104

16. BANK BORROWINGS

	2013	2012
	HK$'000	*HK$'000*
Secured bank borrowings		
Portion due for repayment within one year	**2,924**	701
Portion due for repayment after one year which contain a repayable on demand clause	**24,491**	5,832
	27,415	6,533

The Group's interest-bearing bank borrowing of approximately HK$2,979,000 (2012: HK$6,533,000) bears interest at a floating rate of 1.75% per annum over 1 month HIBOR and is secured by the Group's land and buildings of approximately HK$43,433,000 (2012: HK$44,689,000) as at 31 March 2013.

The Group's interest-bearing bank borrowing of approximately HK$24,436,000 (2012: nil) bears interest at a fixed rate of 2.15% per annum and is secured by the Group's investment property of approximately HK$62,000,000 (2012: nil) as at 31 March 2013.

The current liabilities include bank borrowings of approximately HK$24,491,000 (2012: HK$5,832,000) that are not scheduled for repayment within one year. They are classified as 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.

17. SHARE CAPITAL

	Number of shares *'000*	Amount *HK$'000*
Authorised:		
Ordinary shares of HK$0.01 each		
At 1 April 2011	39,000	390
Increase in authorised ordinary shares	1,961,000	19,610
At 31 March 2012 and 31 March 2013	**2,000,000**	**20,000**
Issued and fully paid:		
Ordinary shares of HK$0.01 each		
At 1 April 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 and 1 April 2012	500,000	5,000
Shares issued under share option scheme	1,936	19
At 31 March 2013	**501,936**	**5,019**

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 respects.

On 6 September 2011, the Company allotted and issued 9,999 ordinary shares of HK$0.01 each as consideration for the acquisition of Travel Expert Enterprises Limited from T.E. (Holdings) Limited.

Pursuant to written resolutions passed by the then 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 commenced on 30 September 2011.

During the year ended 31 March 2013, the Company allotted and issued approximately 1,936,000 ordinary shares of HK$0.01 each under the share option scheme.

DIVIDEND

The Directors recommend the payment of a final dividend of HK4.0 cents per ordinary share for the year ended 31 March 2013 (2012: HK3.6 cents) to shareholders whose names appear on the Company's register of members on 29 August 2013. 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 10 September 2013.

CLOSURE OF REGISTER OF MEMBERS FOR AGM

The register of members of the Company will be closed from 16 August 2013 to 20 August 2013, both days inclusive, for the purpose of determining the entitlement to attend and vote at the AGM scheduled to be held on 20 August 2013. 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 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong ("Branch Share Registrar") not later than 4:30 p.m. on 15 August 2013.

CLOSURE OF REGISTER OF MEMBERS FOR DIVIDEND

The register of members of the Company will be closed from 27 August 2013 to 29 August 2013, both days inclusive, for the purpose of determining the entitlement to the proposed final dividend for the year ended 31 March 2013. In order to qualify for the proposed final dividend for the year ended 31 March 2013, all transfer forms accompanied by relevant share certificates must be lodged with the Branch Share Registrar not later than 4:30 p.m. on 26 August 2013.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

The Group recorded a satisfactory business growth for the year ended 31 March 2013. Total revenue including rental income from investment property of HK$0.4 million (2012: Nil) increased to HK$264.3 million (2012: HK$229.2 million), representing an increase of 15.3% over the previous year. The increase was primarily contributed by the revenue growth in the Group's retail business. During the year under review, the Group purchased an investment property at Yuen Long that generated rental income together with an increase in fair value of investment property of about HK$8.5 million (2012: Nil). Including the increase in fair value of investment property, profit for the year attributable to owners of the Company increased significantly by 36.3% from HK$30.3 million in the previous year to HK$41.3 million. Excluding such fair value adjustment impact, the profit for the year is HK$32.8 million, representing an increase of 8.3% over the previous year. Basic earnings per share attributable to owners of the Company for the year ended 31 March 2013 was HK8.3 cents, representing an increase of 23.9% from HK6.7 cents over the previous year.

BUSINESS REVIEW

The Group's retail business is operated mainly through Travel Expert Limited (專業國際旅運有限公司), which is the core focus of the Group. For the year ended 31 March 2013, sales performance from retail customers continued to show a considerable growth, which was attributable to the Group's efforts in maintaining an effective sales network, good marketing programmes and high quality frontline staff. The Group will continue to identify strategic locations for new retail shops to expand its sales coverage. In addition, the Group has expanded several existing shops located in high traffic shopping centres. Throughout the fiscal year of 2013, the Group organised various marketing programmes to promote the Company's highly reputable image on FIT (frequent individual traveller) products as well as new travel destinations to attract more customers' attention. In the second half of the fiscal year, the number of customers travelling to Japan, one of the most popular travel destinations for Hong Kong people, has increased significantly due to the devaluation of the Japanese currency. The Group believes that all these positive factors have contributed to the satisfactory growth in the revenue of retail business despite the keen market competition in the year.

The Group's corporate and MICE (Meeting, Incentive, Conference and Exhibition) business is operated mainly through Travel Expert Business Services Limited (專業旅運商務有限公司). For the year ended 31 March 2013, sales performance from corporate and MICE business customers made a relatively insignificant contribution to the total Group's result. Since the business growth of this segment has not yet reached the management's original expectations, the Group is exploring new measures to increase the customer base in the future.

Overall, the Group's gross sales proceeds amounted to HK$1,604.8 million for the year ended 31 March 2013, representing an increase of 11.9% as compared with HK$1,433.9 million for the year ended 31 March 2012. After deducting the cost of travel related products, net of the incentive income from service providers, airlines and other travel products suppliers (which primarily consists of cost of air tickets, hotel accommodations and other travel related products, such as visa processing and travel insurance processing) of HK$1,341.0 million for the year ended 31 March 2013 (2012: HK$1,204.7 million), revenue excluding the rental income from investment property of HK$0.4 million (2012: Nil) for the year ended 31 March 2013 was HK$263.8 million, representing an increase of 15.1% over HK$229.2 million for the year ended 31 March 2012.

FINANCIAL REVIEW

Selling and Distribution Costs

For the year ended 31 March 2013, selling and distribution costs amounted to HK$186.3 million, representing an increase of 22.2% over HK$152.5 million for the year ended 31 March 2012. For the year under review, selling and distribution costs accounted for 70.5% of the Group's total revenue, having increased from 66.5% in the previous year. Since staff costs and shop rental accounted for the majority of the Group's selling and distribution costs, the steady upward pressure on the average rental of retail premises and the increasing labour costs have primarily contributed to the increase of selling and distribution costs for the year. Despite the upsurge in shop rental expenses, the Group will continue to maintain an effective sales network in order to deliver convenient and quality services to its retail customers. As at 31 March 2013, the Group operated a total of 60 retail shops in Hong Kong.

Administrative Expenses

For the year ended 31 March 2013, administrative expenses amounted to HK$45.9 million, representing a slight increase of 0.4% over HK$45.7 million for the year ended 31 March 2012. Administrative expenses accounted for 17.4% of the Group's total revenue, which decreased slightly from 19.9% in the previous year. This was partly attributable to the reduction of share-based payment expenses and to the non-recurring listing expenses incurred in the previous year. In addition, the Group has imposed a tighter control of back office expenses in the year. Salaries of back office staff accounted for the majority of the Group's administrative expenses.

Finance Cost

The finance cost of the Group for the year ended 31 March 2013 was HK$223,000, which was mainly related to the interest-bearing bank borrowing of mortgage loans for the Group's properties. (2012: HK$90,000).

Liquidity, Financial Resources and Capital Resources

The Group generally finances its liquidity requirements through internally generated resources and will only utilise available banking facilities whenever necessary. The Group's financial position as at 31 March 2013 remained healthy with net assets of HK$133.6 million (as at 31 March 2012: HK$107.4 million). The Group continued to record a strong cash inflow generated from operating activities during the year. Including the time deposits over three months, the Group had total cash and cash equivalents of HK$148.3 million as at 31 March 2013 (as at 31 March 2012: HK$157.1 million). As at 31 March 2013, apart from an investment property with fair value at HK$62.0 million, the Group did not hold any significant financial investment.

As at 31 March 2013, the Group's current ratio (current assets divided by current liabilities) was 1.11 times compared with 1.37 times as at 31 March 2012. Due to the purchase of the investment property at Yuen Long during the year, a new mortgage loan was taken out which resulted in the gearing ratio (interest-bearing borrowings divided by equity attributable to owners of the Company) increasing significantly to 20.5% as compared with 6.1% as at 31 March 2012. Nevertheless, in view of the Group's steady cash inflow from operations together with the surplus cash position, the Group has adequate financial resources to meet the future payment obligation and support its future business development plan.

Contingent Liabilities

The Group did not have any contingent liabilities as at 31 March 2013.

Capital Commitment

The Group did not have any significant capital commitment as at 31 March 2013.

Pledge of Assets

As at 31 March 2013, the Group had two outstanding mortgage loans amounting in total to HK$27.4 million (as at 31 March 2012: HK$6.5 million) which were repayable on demand and secured by the Group's land and buildings and investment property.

Foreign Exchange Risks and Treasury Policies

The Group has foreign currency exposures that mainly result from the balance of assets and liabilities in currencies other than in Hong Kong dollars, 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 currencies. For the year ended 31 March 2013, an exchange gain of approximately HK$0.7 million was recorded (2012: exchange gain of HK$1.2 million).

Human Resources and Employee's Remuneration

As at 31 March 2013, the Group had a total workforce of 585 (as at 31 March 2012: 483), of which about 78.1% were front line 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 granted share options to certain eligible persons pursuant to a Pre-IPO share option scheme adopted by the Company on 31 March 2011, i.e. before the listing of the Company's shares in the Stock Exchange 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 comparing with market conditions.

Event after the Reporting Period

With a view to enhancing the yield of the Group's surplus funds, the Company on 8 February 2013 announced its proposal to amend the Group's treasury policy to allow the Group's surplus funds to be invested in more investment choices in addition to term deposits (the "Treasury Activities"). To facilitate the Treasury Activities, the Group has set an initial investment cap of HK$20 million (the "Initial Investment Cap") from the Group's surplus funds (i.e. any amount in excess of the Group's operating funds requirement and the remaining proceeds balance of the initial public offering). Subsequent to 31 March 2013, on 18 April 2013, an extraordinary general meeting was held and the Treasury Activities was approved by the Company's shareholders. As of the date of this announcement, the Group is still in the process of recruiting a Chief Investment Officer. No Treasury Activities has been entered into by the Group and the Initial Investment Cap remains unutilised as at the date of this announcement.

OUTLOOK

The Group will endeavour to diversify its business portfolio and increase its market share in the travel industry. In addition to the further development of corporate and MICE business, a new brand name "Tailor Made Holidays (度新假期)" was developed for both retail and wholesale business. A new retail shop under this new brand name was opened in April 2013 at Telford Plaza, Kowloon Bay. According to the business plan, more retail shops under this new brand name will be opened in the coming years. The Group is also looking to develop the on-line business in response to the growing demand on the e-Business sales channel. A new e-Business Sales Team has been established in order to better serve those customers using the internet for sales booking. In addition, the Group is exploring business opportunities in the tour business sector.

Regarding overseas expansion, as stated in the Company's announcement dated 14 March 2013, the Group is in preliminary discussions with an independent third party in relation to a possible acquisition of equity interest in a travel-related business in the People's Republic of China. The Group will continue the discussion with an aim to expand our business into China.

In addition to the Group's core travel business, as stated above, the Company has obtained shareholders' approval to carry out the Treasury Activities. This is a new initiative by the Group and will be closely monitored in order to get a better yield on the Group's surplus funds.

USE OF PROCEEDS

The net proceeds from the placing and initial public offer of the Company amounted to HK$49.5 million. Up to 31 March 2013, the proceeds were used for the following purposes:

- approximately HK$1.7 million was used to increase the Group's headcount and resources for developing corporate and MICE business;

- approximately HK$2.0 million was used as the set-up and general operating expenses for the Group's China business;

- approximately HK$5.0 million was used to set-up the Group's new headquarters and upgrade its operational infrastructure; and

- approximately HK$2.8 million was used for general working capital of the Group.

The unutilised balance has been placed at commercial banks in Hong Kong as time deposits.

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

During the year ended 31 March 2013, 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 2013, the Company has complied with all the code provisions as set out in the Corporate Governance Code in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), save as disclosed below.

Code provision E.1.3 requires the Company to arrange for the notice to shareholders to be sent for annual general meetings at least 20 clear business days before the meeting and to be sent at least 10 clear business days for all other general meetings. For the annual general meeting of the Company held on 17 August 2012 ("2012 AGM"), the Company followed the notice requirement stated in the Articles of Association of the Company and sent the notice of 2012 AGM to shareholders of not less than 21 clear days on 24 July 2012 (i.e. 17 clear business days before the 2012 AGM) instead of 20 clear business days. This practice will be changed for future annual general meetings to follow the code provision E.1.3.

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 2013.

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 2013.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement of the Group for the year ended 31 March 2013 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 2013

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