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 2015

FINANCIAL HIGHLIGHTS

- Gross sales proceeds excluding our own tour business for the year was HK$1,987.3 million, representing an increase of 6.1% from HK$1,873.3 million for the last year.
- Revenue for the year was HK$375.6 million, representing an increase of 18.9% from HK$315.8 million for the last year.
- Excluding the non-controlling interest, the profit for the year was HK$45.4 million, representing an increase of 4.8% from HK$43.3 million for the last year.
- Earnings per share attributable to owners of the Company for the year was HK8.8 cents, representing an increase of 3.5% from HK8.5 cents for the last year.
- Final dividend of HK3.4 cents per share is proposed for the year ended 31 March 2015 (2014: HK3.0 cents). Together with the paid interim dividend of HK1.2 cents (2014: HK1.5 cents) per ordinary share, the dividends for the year amounted to HK4.6 cents (2014: HK4.5 cents) per ordinary share.

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 2015 together with comparative figures.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2015

	Notes	2015 HK$'000	2014 HK$'000
Revenue	4	**375,574**	315,827
Cost of sale		**(35,093)**	–
Gross profit		**340,481**	315,827
Other income and gains	4	**13,374**	7,948
Selling and distribution costs		**(234,509)**	(217,664)
Administrative expenses		**(67,159)**	(52,237)
Gain/(loss) on disposal of financial assets at fair value through profit or loss		**1,263**	(218)
Fair value gain/(loss) on financial assets/liabilities at fair value through profit or loss		**904**	(187)
Profit from operations	5	**54,354**	53,469
Finance cost	6	**(497)**	(557)
Profit before income tax		**53,857**	52,912
Income tax expense	7	**(9,966)**	(9,644)
Profit for the year		**43,891**	43,268
Other comprehensive income, that may be reclassified subsequently to profit or loss			
Exchange difference on translation of financial statements of overseas subsidiaries		**(48)**	(1)
Other comprehensive income for the year, net of tax		**(48)**	(1)
Total comprehensive income for the year		**43,843**	43,267

	Notes	**2015** *HK$'000*	2014 *HK$'000*
Profit for the year attributable to:			
Owners of the Company		**45,406**	43,268
Non-controlling interests		**(1,515)**	–
		43,891	43,268
Total comprehensive income for the year attributable to:			
Owners of the Company		**45,358**	43,267
Non-controlling interests		**(1,515)**	–
		43,843	43,267
Earnings per share attributable to owners of the Company	*9*		
— Basic		**HK 8.8 cents**	HK 8.5 cents
— Diluted		**N/A**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2015

	Notes	2015 HK$'000	2014 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**55,026**	52,971
Investment property	*10*	**62,000**	62,000
		117,026	114,971
Current assets			
Inventories		**3,995**	1,969
Trade receivables	*11*	**8,351**	10,779
Prepayments, deposits and other receivables	*12*	**78,983**	34,603
Financial assets at fair value through profit or loss		**16,934**	951
Prepaid tax		**237**	257
Pledged deposits		**2,451**	1,191
Time deposits over three months		**145,246**	83,214
Cash and cash equivalents		**71,040**	121,923
		327,237	254,887
Current liabilities			
Trade payables	*13*	**158,861**	149,542
Accrued charges, deposits received and other payables	*14*	**50,630**	37,520
Bank and other borrowings	*15*	**55,984**	24,588
Financial liabilities at fair value through profit or loss		**7**	205
Provision for tax		**1,073**	3,257
		266,555	215,112
Net current assets		**60,682**	39,775
Net assets		**177,708**	154,746
EQUITY			
Equity attributable to owners of the Company			
Share capital	*16*	**5,136**	5,136
Reserves		**175,054**	149,610
		180,190	154,746
Non-controlling interests		**(2,482)**	–
Total equity		**177,708**	154,746

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

For the year ended 31 March 2015

1. GENERAL INFORMATION

Travel Expert (Asia) Enterprises Limited (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 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 activities of the Company's subsidiaries are the provision of travel and travel related products and services, property investment and investment in treasury activities.

2. BASIS OF PREPARATION

The financial statements for the year ended 31 March 2015 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.

3. ADOPTION OF NEW AND AMENDED STANDARDS

(a) Adoption of new/revised HKFRSs — effective 1 April 2014

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 2014.

Amendments to Hong Kong Accounting Standard ("HKAS") 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures

Except as explained below, the adoption of these amendments has no material impact on the Group's consolidated financial statements.

Amendments to HKAS 32 — Financial Instruments: Presentation — 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. The amendments are applied retrospectively.

The adoption of the amendments has no impact on the consolidated financial statements as the Group does not have any offsetting arrangements.

Amendments to HKAS 36 — Recoverable Amount Disclosures

The amendments limit the requirements to disclose the recoverable amount of an asset or cash generating unit (CGU) to those periods in which an impairment loss has been recognised or reversed, and expand the disclosures where the recoverable amount of impaired assets or CGUs has been determined based on fair value less costs of disposal. The amendments are applied retrospectively. The adoption of the amendments has no impact on the consolidated financial statements.

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

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

HKFRSs (Amendments)	Annual Improvements 2010–2012 Cycle[2]
HKFRSs (Amendments)	Annual Improvements 2011–2013 Cycle[1]
HKFRSs (Amendments)	Annual Improvements 2012–2014 Cycle[3]
Amendments to HKAS 1	Disclosure lnitiative[3]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[3]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[3]
HKFRS 9 (2014)	Financial Instruments[5]
HKFRS 15	Revenue from Contracts with Customers[4]

1 Effective for annual periods beginning on or after 1 July 2014
2 Effective for annual periods beginning, or transactions occurring, on or after 1 July 2014
3 Effective for annual periods beginning on or after 1 January 2016
4 Effective for annual periods beginning on or after 1 January 2017
5 Effective for annual periods beginning on or after 1 January 2018

Amendments to HKAS 16 and HKAS 38 — Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to HKAS 16 prohibit the use of a revenue-based depreciation method for items of property, plant and equipment. The amendments to HKAS 38 introduce a rebuttable presumption that amortisation based on revenue is not appropriate for intangible assets. This presumption can be rebutted if either the intangible asset is expressed as a measure of revenue or revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

Amendments to HKAS 27 — Equity Method in Separate Financial Statements

The amendments allow an entity to apply the equity method in accounting for its investments in subsidiaries, joint ventures and associates in its separate financial statements.

HKFRS 9 (2014) — Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at fair value through other comprehensive income ("FVTOCI") if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at fair value through profit and loss ("FVTPL").

HKFRS 9 includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the 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 15 — Revenue from Contracts with Customers

The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations.

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations
- Step 5: Recognise revenue when each performance obligation is satisfied

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

The Group is in the process of making an assessment of the potential impact of these new/revised HKFRSs and the directors so far concluded that the application of these new/revised HKFRSs will have no material impact on the Group's financial statements.

(c) Amended Main Board Listing Rules (as below-mentioned) relating to the presentation and disclosures in financial statements

The amended Rules Governing the Listing of Securities on the Main Board of the Stock Exchange (the "Amended Main Board Listing Rules") in relation to the presentation and disclosures in financial statements, including the amendments with reference to the new Hong Kong Companies Ordinance, Cap. 622, will first apply to the Company in its financial year ending on 31 March 2016.

The directors consider that there will be no impact on the Group's financial position or performance. However the Amended Main Board Listing Rules would have impacts on the presentation and disclosures in the consolidated financial statements.

4. REVENUE, OTHER INCOME AND GAINS, 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, provision of package tours, property investment and the investment in treasury activities. An analysis of the Group's revenue from principal activities which is the Group's turnover, other income and gains is as follows:

	2015	2014
	HK$'000	*HK$'000*
Turnover/Revenue		
Service income from sales of travel related products *(note)*	**333,255**	313,897
Sales of package tours	**40,315**	–
Rental income from investment property	**2,004**	1,930
	375,574	315,827
Other income and gains		
Interest income on deposits in banks and financial institutions stated at amortised cost	**2,557**	2,399
Interest income on debt securities	**336**	–
Dividend income from listed securities	**68**	2
Exchange gains	**1,454**	219
Sundry income	**8,959**	5,328
	13,374	7,948
Total revenue, other income and gains	**388,948**	323,775

Note:

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:

	2015	2014
	HK$'000	*HK$'000*
Gross sales proceeds	**1,987,317**	1,873,270

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		Treasury activities		Total	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue								
From external customers	**373,570**	313,897	**2,004**	1,930	**–**	–	**375,574**	315,827
Reportable segment revenue	**373,570**	313,897	**2,004**	1,930	**–**	–	**375,574**	315,827
Reportable segment profit/(loss)	**52,666**	52,989	**818**	1,784	**2,940**	(113)	**56,424**	54,660
Interest income	**2,404**	2,382	**–**	–	**459**	17	**2,863**	2,399
Finance cost	**(43)**	(54)	**(454)**	(503)	**–**	–	**(497)**	(557)
Dividend income	**–**	–	**–**	–	**68**	2	**68**	2
Depreciation	**(8,162)**	(6,496)	**(4)**	(3)	**–**	–	**(8,166)**	(6,499)
Bad debt written off	**(1)**	(182)	**–**	–	**–**	–	**(1)**	(182)
Provision for impairment of trade receivables	**–**	(98)	**–**	–	**–**	–	**–**	(98)
Gain/(loss) on disposal of financial assets at fair value through profit or loss	**–**	–	**–**	–	**1,263**	(218)	**1,263**	(218)
Fair value gain/(loss) on financial assets/ liabilities through profit or loss	**–**	–	**–**	–	**904**	(187)	**904**	(187)
Reportable segment assets	**303,484**	266,897	**62,042**	62,047	**77,807**	20,000	**443,333**	348,944
Additions to non-current segment assets during the year	**11,147**	7,146	**–**	13	**–**	–	**11,147**	7,159
Reportable segment liabilities	**208,903**	190,593	**20,335**	22,662	**34,310**	317	**263,548**	213,572

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:

	2015	2014
	HK$'000	*HK$'000*
Reportable segment revenue	**375,574**	315,827
Group revenue	**375,574**	315,827
Reportable segment profit	**56,424**	54,660
Other corporate expenses	**(2,567)**	(1,748)
Profit before income tax expense	**53,857**	52,912
Reportable segment assets	**443,333**	348,944
Other corporate assets	**930**	20,914
Group assets	**444,263**	369,858
Reportable segment liabilities	**263,548**	213,572
Other corporate liabilities	**3,007**	1,540
Group liabilities	**266,555**	215,112

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**	
	2015	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong (domicile)	**375,565**	315,820	**116,384**	114,871
The People's Republic of China (the "PRC") excluding Hong Kong	**9**	7	**642**	100
	375,574	315,827	**117,026**	114,971

The geographical location of the non-current assets is based on the physical location of the asset. The country of domicile is determined by referring to the country which the Group regards as its home country, has the majority of operations and centre of management.

Most of the revenue of the Group are derived in Hong Kong. The Group has a large number of customers, and no significant revenue was derived from specific external customers for the years ended 31 March 2014 and 2015.

5. PROFIT FROM OPERATIONS

	2015 *HK$'000*	2014 *HK$'000*
Profit from operations is arrived at after charging/(crediting):		
Depreciation*	**8,180**	6,499
Loss on disposal of property, plant and equipment	**206**	–
Bad debt written off	**1**	182
Provision for impairment of trade receivables	**–**	98
Operating lease charges in respect of leasehold premises:		
— Minimum leases payments	**49,320**	45,821
— Contingent rents**	**271**	115
	49,591	45,936
Operating leases in respect of office equipment	**1,986**	1,691
Staff costs (excluding directors' remuneration (note 11)):		
— Salaries	**169,861**	153,672
— Retirement scheme contribution	**7,094**	6,150
— Share-based payment expenses	**352**	–
	177,307	159,822

* Depreciation expenses have been included in:

— selling and distribution costs of approximately HK$3,319,000 for the year (2014: HK$3,142,000); and

— administrative expenses of approximately HK$4,861,000 for the year (2014: HK$3,357,000).

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

6. FINANCE COST

	2015 *HK$'000*	2014 *HK$'000*
Interest on bank and other borrowings		
— not wholly repayable within five years	**497**	557

7. INCOME TAX EXPENSE

	2015 *HK$'000*	2014 *HK$'000*
Current tax — Hong Kong		
Tax for the year	**10,120**	9,449
(Over)/under provision in respect of prior year	**(154)**	195
	9,966	9,644

Hong Kong profits tax is calculated at 16.5% (2014: 16.5%) on the estimated assessable profits for the year.

Subsidiaries of the Company established in the PRC is 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 year.

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

8. DIVIDEND

	2015	2014
	HK$'000	*HK$'000*
Proposed final dividend	**17,462**	15,407

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

	2015	2014
	HK$'000	*HK$'000*
Final dividend proposed in the previous year	**15,407**	20,077
Interim dividend declared during the year	**6,163**	7,704
	21,570	27,781

The directors recommend a final dividend of HK3.4 cents (2014: HK3.0 cents) per ordinary share for the year ended 31 March 2015, amounting to approximately HK$17,462,000 (2014:HK$15,407,000) 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.

9. 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$45,406,000 (2014: HK$43,268,000) and 513,579,000 (2014: 509,595,000) weighted average number of ordinary shares in issue during the year.

No diluted earnings per share is presented for the years ended 31 March 2014 and 2015 as the exercise price of the Company's outstanding options was higher than the average market price for the year.

10. INVESTMENT PROPERTY

	2015	2014
	HK$'000	*HK$'000*
1 April 2013, 31 March 2014 and 31 March 2015	**62,000**	62,000

The investment property represents property interests held under operating leases to earn rentals or for capital appreciation purposes and the medium term leasehold land in Hong Kong will expire in 2047. The investment property is situated at Yuen Long Town Lot No. 42 and known as Shop D1 on Ground Floor, Fung Hing Building, Nos. 33–35 Yuen Long Hong Lok Road, 36, 40 & 42 Kau Yuk Road, Yueng Long, Net Territories, Hong Kong.

The fair value of the Group's investment property as at 31 March 2015 was arrived at on the basis of the 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 Surveyors, and has appropriate qualifications and recent experience in the valuation of properties in the relevant location.

11. 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:

	2015	2014
	HK$'000	*HK$'000*
0–30 days	**7,879**	9,641
31–90 days	**459**	1,087
Over 90 days	**13**	149
	8,351	10,877
Less: Provision of impairment loss	**–**	(98)
	8,351	10,779

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

12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2015	2014
	HK$'000	*HK$'000*
Prepayments *(note)*	**43,211**	4,940
Deposits	**18,764**	19,288
Other receivables	**17,008**	10,375
	78,983	34,603

Note: As at 31 March 2015, the Group has recorded prepayment of approximately HK$38,080,000 in respect of share purchase (the "Application Prepayment") through an application of public share offering (the "Share Purchase Application") of a company to be listed in Hong Kong in April 2015. Among the Application Prepayment, the Group has made cash prepayment of approximately HK$3,808,000 and the remaining balance was made in term of loan of approximately HK$34,272,000 offered by the broker as detailed in note 15.

13. 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:

	2015	2014
	HK$'000	*HK$'000*
0–30 days	**106,937**	115,966
31–90 days	**37,809**	27,615
Over 90 days	**14,115**	5,961
	158,861	149,542

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.

14. ACCRUED CHARGES, DEPOSITS RECEIVED AND OTHER PAYABLES

	2015	2014
	HK$'000	*HK$'000*
Accrued charges	**24,703**	22,893
Deposits received	**16,889**	6,326
Other payables	**9,038**	8,301
	50,630	37,520

15. BANK AND OTHER BORROWINGS

		2015	2014
	Notes	***HK$'000***	*HK$'000*
Secured bank borrowings:			
Portion due for repayment within one year	*(a)*	**2,926**	2,876
Portion due for repayment after one year which contain a repayable on demand clause	*(a)*	**18,786**	21,712
		21,712	24,588
Unsecured other borrowings:			
Portion due for repayment within one year	*(b)*	**34,272**	–
		55,984	24,588

Notes:

(a) The Group's interest-bearing bank borrowing of approximately HK$1,880,000 (2014: HK$2,429,000) 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$40,921,000 (2014: HK$42,177,000) as at 31 March 2015.

The Group's interest-bearing bank borrowing of approximately HK$19,832,000 (2014: HK$22,159,000) bears interest at a floating rate of 2.85% per annum below HKD prime and is secured by the Group's investment property of approximately HK$62,000,000 (2014: HK$62,000,000) as at 31 March 2015.

The current liabilities include bank borrowings of approximately HK$18,786,000 (2014: HK$21,712,000) 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.

(b) The Group's interest-bearing other borrowings of approximately HK$34,272,000 represent the payables due to a broker (the "Broker's Loan") for Share Purchase Application as detailed in note 12. The Broker's Loan was unsecured, bored interest at a fixed rate of 1.38% per annum. Subsequent to the year end date, the Broker's Loan has been fully repaid in April 2015.

16. SHARE CAPITAL

	Number of shares *'000*	**Amount** *HK$'000*
Authorised:		
Ordinary shares of HK$0.01 each		
At 31 March 2014 and 31 March 2015	**2,000,000**	**20,000**

	2015		2014	
	Number of shares *'000*	**Amount** *HK$'000*	Number of shares *'000*	Amount *HK$'000*
Issued and fully paid:				
Ordinary shares of HK$0.01 each				
At beginning of the year	**513,579**	**5,136**	501,936	5,019
Shares issued under share option scheme	**–**	**–**	11,643	117
At the end of the year	**513,579**	**5,136**	513,579	5,136

17. ACQUISITION OF A COMPANY

On 26 March 2015, the Group has made an announcement in relation to a possible acquisition of a company, the principal business of which is the operation of wedding planning and event management in Hong Kong. On 25 March 2015, the Group has entered into a share transfer and shareholders agreement with an independent third party, whom is the sole director and sole shareholder of I'm Yours Event Limited ("I'm Yours"), pursuant to which the Group has conditionally agreed to purchase and the independent third party has agreed to sell 60% equity interests of I'm Yours for a consideration of HK$500,000 (the "IYEL Acquisition"). Upon completion of the acquisition, the Group and the existing sole shareholder will own as to 60% and 40% equity interests in I'm Yours, respectively. The IYEL Acquisition has been completed subsequent to the reporting date in April 2015.

DIVIDEND

The Directors recommended the payment of a final dividend of HK3.4 cents per ordinary share for the year ended 31 March 2015 (2014: HK3.0 cents) to shareholders whose names appear on the Company's register of members on 31 August 2015. 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 11 September 2015.

CLOSURE OF REGISTER OF MEMBERS FOR AGM

The register of members of the Company will be closed from 14 August 2015 to 19 August 2015, both days inclusive, for the purpose of determining the entitlement to attend and vote at the AGM scheduled to be held on 19 August 2015. 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 Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (the "Branch Share Registrar") not later than 4:30 p.m. on 13 August 2015.

CLOSURE OF REGISTER OF MEMBERS FOR DIVIDEND

The register of members of the Company will be closed from 27 August 2015 to 31 August 2015, both days inclusive, for the purpose of determining the entitlement to the proposed final dividend for the year ended 31 March 2015. In order to qualify for the proposed final dividend for the year ended 31 March 2015, 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 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

The Group continued to record a business growth for the year ended 31 March 2015. It is the third consecutive years of business growth in terms of revenue and profit attributable to owners of the Company. Total revenue, including the rental income from the investment property of HK$2.0 million (2014: HK$1.9 million) increased to HK$375.6 million (2014: HK$315.8 million), representing an increase of 18.9% from the previous year. The increase was primarily contributed by the consistent revenue growth in the Group's retail FIT (Free Independent Travellers) business and the new setup of tour business. Excluding the non-controlling interests, the profit for the year attributable to owners of the Company had an increase of 4.8% to HK$45.4 million (2014: HK$43.3 million). The total Group's profit for the year is HK$43.9 million, representing an increase of 1.4% from HK$43.3 million in the previous year. Basic earnings per share attributable to owners of the Company for the year ended 31 March 2015 was HK8.8 cents, representing an increase of 3.5% from HK8.5 cents over the previous year. The Board recommends the payment of a final dividend of HK3.4 cents (2014: HK 3.0 cents) per share.

BUSINESS REVIEW

The Group's retail FIT business is operated mainly through Travel Expert Limited (專業旅運有限公司), which is the core focus of the Group. For the year ended 31 March 2015, sales performance from retail customers recorded a continuous growth that was especially significant in the second half of the year. It was partly caused by the strong appreciation of US dollar against major currencies, and so did Hong Kong dollar due to its pledge to the US dollar. The favorable Hong Kong dollar exchange rate movement greatly stimulated the travel desire of customers that caused a remarkable business growth in the second half of the year. In the past year, we implemented various initiatives to improve our service quality and product offering. We adopted a proactive approach to contact our customers so as to maintain a good relationship with them as well as promote repeated patronage. Besides, the Group also put resources in enhancing product mix and sourcing new travel products to meet customers' needs and lifestyles. We strive to maintain our leading position in retail travel market and drive future growth.

The Group's another retail FIT business brand, Tailor Made Holidays Limited (度新假期有限公司), also recorded a satisfactory business growth during the year. It has now opened three shops in Kowloon Bay Telford Plaza, Tsuen Wan Luk Yeung Galleria and Causeway Bay Hang Lung Centre. All these shops are located at the areas of high customer traffic which help to raise awareness of this brand. Besides, we have allocated extra marketing resources for promoting the brand with focus on overseas wedding packages and unique travel products. We will continue to carry out measures and marketing activities to enhance its brand popularity and product image in the coming year.

Regarding the development of e-business, we launched a new online sales platform named "Pack2fly.com" in this year and this new sales channel enables the Group to keep abreast of the latest development in online travel booking business. Most importantly, through which we can reach a new and wider group of customers.

The Group's corporate business is operated mainly through Travel Expert Business Services Limited (專業旅運商務有限公司). With our effort in restructuring the team and modifying business strategies, the operation and contribution of this business was fairly stable. We will continue to monitor the development of this business and carry out responsive measures where appropriate.

The Group's new business line of tour operation is conducted by Premium Holidays Limited (尊賞假期有限公司). It focuses on operating high-end long haul tours, cruise travel tours and MICE (meeting, incentive, conference and exhibition) business. During the year, it opened a shop in Causeway Bay Hang Lung Centre which helped to enhance its market awareness and served as a platform to communicate with customers directly. As it is still in the development stage and requires continuous investments, the Group's profit was adversely affected to some extent. However, the establishment of this new business broadened our services scope and achieved our goal of business diversification that is critical to the Group's long term development plan. Leveraging on the leadership of the experienced management team and the Group's extensive sales network, we believe that it will generate significant positive contribution to the Group in future.

In addition to the ordinary travel business segment, our investment activities that are conducted by Travel Expert Asset Management Limited (專業旅運資產管理有限公司) using the Group's surplus funds allocated under the approved investment cap recorded a satisfactory result for the year. This segment helped the Group to better utilize its surplus fund and contributed to its bottom line.

The acquisition transaction of 55% equity interest in Shenzhen SKAL Travel Service (深圳順風旅行社有限公司), now renamed as TE Nice Tour (Shenzhen) Limited (尊業新景界旅行社(深圳)有限公司), has been completed on 18 March 2015. We are working on the business plan and expect to start up business activities in the coming financial year.

Besides, the acquisition transaction of 60% equity interest in I'm Yours Event Limited (唯您活動策劃有限公司), now renamed as Take My Hand Limited (緣動有限公司) as announced by Company on 26 March 2015 has been completed on 30 April 2015. Through the acquisition, both the parties can gain synergy because the new business combines the expertise of a veteran of wedding planning industry with the Group's leading position in travel industry. Furthermore, the acquisition enables the Group to enhance competitive advantage in wedding related travel business as well as extension of business scopes.

Overall, the Group's gross sales proceeds excluding our own tour business amounted to HK$1,987.3 million for the year ended 31 March 2015, representing an increase of 6.1% as compared with HK$1,873.3 million for the previous year. Revenue excluding the rental income from investment property of HK$2.0 million (2014: HK$1.9 million) for the year was HK$373.6 million, representing an increase of 19.0% from HK$313.9 million for the previous year.

FINANCIAL REVIEW

Selling and Distribution Costs

For the year ended 31 March 2015, selling and distribution costs amounted to HK$234.5 million, representing an increase of 7.7% from HK$217.7 million for the year ended 31 March 2014. For the year under review, selling and distribution costs accounted for 62.4% of the Group's total revenue, having decreased from 68.9% in the last 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 labor costs due to low unemployment rate in Hong Kong have primarily contributed to the increase of selling and distribution costs for the year. Furthermore, the setup of new business lines has contributed to the increase of selling and distribution cost. Nevertheless, in order to deliver convenient and quality services to the customers, the Group will continue to maintain a widespread and effective sales network as well as exploring new sales channels. As at 31 March 2015, the Group operated a total of 62 retail shops in Hong Kong under brand names of Travel Expert, Tailor Made Holidays and Premium Holidays.

Administrative Expenses

For the year ended 31 March 2015, administrative expenses amounted to HK$67.2 million, representing an increase of 28.7% from HK$52.2 million for the year ended 31 March 2014. Administrative expenses accounted for 17.9% of the Group's total revenue, which increased from 16.5% in the last year.

Salaries for back office staff and the office rental accounted for the majority of the Group's administrative expenses. Currently, the Group has three separate back office locations. The increase of the administrative expenses for the year is mainly attributable to the investment for new business lines set up and the extra resources for various IT projects to the advancement of IT applications and infrastructure. In view of the increasing operating cost pressure, the Group has adopted an effective control of administrative expenses by better allocation of its back office resources and streamline of its existing working process.

Finance Cost

Finance cost of the Group for the year ended 31 March 2015 was HK$497,000, which was mainly related to the interest-bearing bank borrowing of mortgage loans for the Group's properties (2014: HK$557,000).

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. The Group's financial position as at 31 March 2015 remained healthy with net assets value of HK$177.7 million (as at 31 March 2014: HK$154.7 million). The Group continued to record a solid 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$216.3 million as at 31 March 2015 (as at 31 March 2014: HK$205.1 million). As at 31 March 2015, in addition to an investment property with fair value at HK$62.0 million (as at 31 March 2014: HK$62.0 million), the Group held a portfolio of financial assets and liabilities at fair value through profit or loss at around HK$16.9 million and HK$7,000 respectively (as at 31 March 2014: HK$1.0 million and HK$205,000 respectively).

As at 31 March 2015, the Group's current ratio (current assets divided by current liabilities) was 1.23 times compared with 1.18 times as at 31 March 2014. The gearing ratio (interest-bearing borrowings divided by total equity) was 31.5% as compared with 15.9% as at 31 March 2014. The increase of the gearing ratio is mainly due to a short term loan from a stock broker for IPO share purchase application and the loan was fully repaid in April 2015. Excluding this short term loan, the gearing ratio was 12.2% as at 31 March 2015. 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 2015.

Capital Commitment

The Group did not have any significant capital commitment as at 31 March 2015.

Pledge of Assets

As at 31 March 2015, the Group had two outstanding mortgage loans amounting in total to HK$21.7 million (as at 31 March 2014: HK$24.6 million) which were repayable on demand and secured by the Group's land and building and investment property.

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 Limited together with the extension of investment scope, the Group may use more financial tools such as foreign exchange forward contracts, currency futures etc. to manage the foreign exchange risks. For the year ended 31 March 2015, a net foreign exchange gain of approximately HK$1.5 million was recorded (2014: exchange gain of HK$0.2 million).

Human Resources and Employee's Remuneration

As at 31 March 2015, the Group had a total workforce of 673 (as at 31 March 2014: 633), of which about 72.2% 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 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 listing of the Company's shares in the Stock Exchange of Hong Kong Limited (the "Stock Exchange") in September 2011. The Pre-IPO share option scheme was lapsed on 29 September 2014. However, a Share Option Scheme has been adopted to recognize the contributions of our staff and to provide them with incentives to stay with the Group. 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

On 26 March 2015, the Company announced that on 25 March 2015, SHARExpert Travel Limited ("SHARExpert"), an indirect wholly owned subsidiary of the Company, entered into a Shares Transfer and Shareholders Agreement with an independent third party of the Company, in relation to the acquisition of 60% of the shares in I'm Yours Event Limited 唯您活動策劃有限公司 (now renamed as Take My Hand Limited 緣動有限公司) for a consideration of HK$500,000. The transaction has been completed on 30 April 2015.

OUTLOOK

We expect the favorable Hong Kong dollar exchange rate movement and the steady economic environment will continue to bring positive impact on our business in the first quarter of the coming year.

The development of Premium Holidays (尊賞假期) will continue to be our business focus. With a view to strengthening business and improving product quality, continuous investments will be put into this business to boost its sales. We will recruit additional sales force and plan to open new shops for this brand to promote this business. Also, new marketing programs for enhancing its brand awareness will be implemented.

After completion of the acquisition transaction of 60% equity interest in I'm Yours Event Limited (唯您活動策劃有限公司), a new business line under a new brand name of "Take My Hand (緣動)" will be launched shortly. In the recent years, consumer demand in wedding and oversea wedding travel products are increasing significantly. We believe introducing this new brand and products with strong potential will further diversify our business scopes. We aim at building this brand as one-stop wedding services provider by providing wedding planning, pre-wedding photo shooting, oversea wedding products, such as wedding or honey moon travel packages, and wedding ceremony arrangements. Undoubtedly, the Group will commit to put significant investment in establishing the brand and its business.

Also, the Group acknowledges the importance in advancement of IT applications for sustainable business growth. A number of IT projects will be launched in the coming years to revamp our company websites and enhance the online sales channel in order to capture the immense business opportunities through internet as well as align ourselves with the increasing trend of online shopping.

In view of the increasing penetration of online travel agencies and online sales platforms operated by the travel product suppliers, such as budget airlines, the Group expects the competition and pricing pressures on the travel industry are increasing. However, we believe that the Group can continue to maintain the leading position in the travel industry by maintaining a widespread and efficient retail network as well as a strong team of frontline travel consultants with high quality service standard. Furthermore, we will continue to provide more value added services through business diversification to cater for the growing customer demand that can distinguish ourselves from the online travel agencies who mainly compete on price factor and simple products only.

Looking ahead, the Group will go towards a new direction of O2O (Online to Offline) business model. We believe that a solid foundation of our traditional travel business together with the newly setup businesses can provide us a good platform to pursue this long term objective.

From the past years, the Group has proven ability to adapt to the fast changing business environment. It is the Group's firm belief that our dedication management team, flexible strategies, our devotion to continuous improvement in service quality and products will deliver the Group's sustained growth for the coming year and beyond.

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 2015, the net proceeds were used for the following purposes:

- approximately HK$18.2 million was used to increase the headcounts and resources for developing new business lines including corporate, tour, cruise and MICE business;

- approximately HK$8.8 million was used as the setup and general operating expenses for the Group's China business;

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

- approximately HK$4.9 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.

Since the net proceeds have been substantially applied, the Company will cease to make further disclosure of the use of net proceeds in the future interim reports and annual reports.

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

During the year ended 31 March 2015, 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 2015, the Company has complied with all the code provisions set out in the Corporate Governance Code in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

REVIEW OF ANNUAL RESULTS

The Audit Committee has reviewed and discussed with the management and the Company's external auditors the annual results of the Group for the year ended 31 March 2015.

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 2015.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement of the Group for the year ended 31 March 2015 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, 24 June 2015

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.