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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 2016

FINANCIAL HIGHLIGHTS

- Total customer sales proceeds for the year was HK$1,903.2 million, representing a decrease of 6.1% from HK$2,027.6 million for the last year.
- Revenue for the year was HK$387.5 million, representing an increase of 3.2% from HK$375.6 million for the last year.
- Excluding the non-controlling interest, the profit for the year was HK$31.6 million, representing a decrease of 30.4% from HK$45.4 million for the last year.
- Earnings per share attributable to owners of the Company for the year was HK6.1 cents, representing a decrease of 30.7% from HK8.8 cents for the last year.
- Final dividend of HK2.7 cents per ordinary share is proposed for the year ended 31 March 2016 (2015: HK3.4 cents). Together with the paid interim dividend of HK1.5 cents (2015: HK1.2 cents) per ordinary share, the dividends for the year amounted to HK4.2 cents (2015: HK4.6 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 2016 together with comparative figures.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2016

	Notes	**2016** **HK$'000**	2015 *HK$'000*
Revenue	*4*	**387,537**	375,574
Cost of sale		**(57,596)**	(35,093)
Gross profit		**329,941**	340,481
Other income and gains	*4*	**16,782**	13,374
Changes in fair value of investment property	*10*	**(1,400)**	–
Selling and distribution costs		**(236,051)**	(234,509)
Administrative expenses		**(72,000)**	(67,159)
Gain on disposal of financial assets/liabilities at fair value through profit or loss		**81**	1,263
Fair value (loss)/gain on financial assets/liabilities at fair value through profit or loss		**(624)**	904
Profit from operations	*5*	**36,729**	54,354
Finance cost	*6*	**(481)**	(497)
Profit before income tax		**36,248**	53,857
Income tax expense	*7*	**(5,210)**	(9,966)
Profit for the year		**31,038**	43,891
Other comprehensive income, that may be reclassified subsequently to profit or loss			
Exchange difference on translation of financial statements of overseas subsidiaries		**(164)**	(48)
Other comprehensive income for the year, net of tax		**(164)**	(48)
Total comprehensive income for the year		**30,874**	43,843

	Notes	**2016**	2015
		HK$'000	*HK$'000*
Profit for the year attributable to:			
Owners of the Company		**31,585**	45,406
Non-controlling interests		**(547)**	(1,515)
		31,038	43,891
Total comprehensive income for the year attributable to:			
Owners of the Company		**31,421**	45,358
Non-controlling interests		**(547)**	(1,515)
		30,874	43,843
Earnings per share attributable to owners of the Company	*9*		
— Basic		**HK6.1 cents**	HK8.8 cents
— Diluted		**N/A**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2016

	Notes	**2016** **HK$'000**	2015 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**82,825**	55,026
Investment property	*10*	**60,600**	62,000
Goodwill		**445**	–
Deposits	*12*	**6,731**	–
		150,601	117,026
Current assets			
Inventories		**1,978**	3,995
Trade receivables	*11*	**9,910**	8,351
Prepayments, deposits and other receivables	*12*	**30,612**	78,983
Financial assets at fair value through profit or loss		**20,277**	16,934
Prepaid tax		**3,325**	237
Pledged deposits		**307**	2,451
Time deposits over three months		**80,168**	145,246
Cash and cash equivalents		**114,212**	71,040
		260,789	327,237
Current liabilities			
Trade payables	*13*	**140,021**	158,861
Accrued charges, deposits received and other payables		**53,347**	50,630
Bank and other borrowings	*14*	**33,573**	55,984
Financial liabilities at fair value through profit or loss		**31**	7
Provision for tax		**627**	1,073
		227,599	266,555
Net current assets		**33,190**	60,682
Total assets less current liabilities		**183,791**	177,708
Net assets		**183,791**	177,708
EQUITY			
Equity attributable to owners of the Company			
Share capital	*15*	**5,136**	5,136
Reserves		**181,450**	175,054
		186,586	180,190
Non-controlling interests		**(2,795)**	(2,482)
Total equity		**183,791**	177,708

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

For the year ended 31 March 2016

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/wedding related products and services, property investment and investment in treasury activities.

2. BASIS OF PREPARATION

The consolidated financial statements of the year ended 31 March 2016 have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The consolidated financial statements also include the disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

3. ADOPTION OF NEW AND AMENDED STANDARDS

(a) Adoption of new/revised HKFRSs — effective 1 April 2015

In the current year, the Group has for the first time applied the following amendments issued by the HKICPA, which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 April 2015.

HKFRSs (Amendments)	Annual improvements 2010–2012 Cycle
HKFRSs (Amendments)	Annual improvements 2011–2013 Cycle

The adoption of these amendments has no material impact on the Group's 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 2012–2014 Cycle[1]
Amendments to HKAS 1	Disclosure Initiative[1]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[1]
HKFRS 9 (2014)	Financial Instruments[2]
HKFRS 15	Revenue from Contracts with Customers[2]
HKFRS 16	Leases[3]

[1] Effective for annual periods beginning on or after 1 January 2016
[2] Effective for annual periods beginning on or after 1 January 2018
[3] Effective for annual periods beginning on or after 1 January 2019

Amendments to HKAS 1 — Disclosure Initiative

The amendments are designed to encourage entities to use judgement in the application of HKAS 1 when considering the layout and content of their financial statements.

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 (2014) 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 (2014) 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 (2014) 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 (2014) 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.

HKFRS 16 Leases

HKFRS 16 supersedes HKAS 17 "Leases", HK(IFRIC) — Int 4 "Determining whether an Arrangement contain a Lease", HK(SIC) — Int 15 "Operating Lease — Incentives" and HK(SIC) — Int 27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease".

HKFRS 16 eliminates the classification by a lessee of leases as either operating or finance. Instead all leases are treated in a similar way to finance leases in accordance with HKAS 17 "Leases". Under HKFRS 16, leases are recorded on the statement of financial position by recognising a liability for the present value of its obligation to make future lease payments with an asset (comprised of the amount of lease liability plus certain other amounts) either being disclosed separately in the statement of financial position (within right-of-use assets) or together with property, plant and equipment. The most significant effect of the new requirements will be an increase in recognised lease assets and financial liabilities.

There are some exemptions. HKFRS 16 contains options which do not require a lessee to recognise assets and liabilities for (a) short term leases (i.e. lease of 12 months or less, including the effect of any extension options) and (b) leases of low value assets (for example, a lease of a personal computer).

HKFRS 16 substantially carries forward the lessor's accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. In classifying a sublease, an intermediate lessor shall classify the sublease as a finance lease or an operating lease as follows: (a) if the head lease is a short-term lease that the entity, as a lessee, the sublease shall be reclassified as an operating lease; (b) otherwise, the sublease shall be classified by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset.

HKFRS 16 clarifies that a lessee separates lease components and service components of a contract, and applies the lease accounting requirements only to the lease components.

The Group has already commenced an assessment of the impact of adopting the above standards and amendments to existing standards to the Group. The Group is not yet in a position to state whether these new pronouncements will result in substantial changes to the Group's accounting policies and financial statements.

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

The amended Rules Governing the Listing of Securities on the Stock Exchange (the "Amended Listing Rules") in relation to the presentation and disclosures in financial statements, including the amendments with reference to the Hong Kong Companies Ordinance, Cap. 622, apply to the Company in this financial year.

The directors consider that there is no impact on the Group's financial position or performance, however the Amended Listing Rules impacts on the presentation and disclosures in the consolidated financial statements. For example, the statement of financial position of the Company is now presented in the notes to the financial statements rather than as a primary statement and related notes to the statement of financial position of the Company are generally no longer presented.

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/wedding related products, provision of package tours, property investment and the investment in treasury activities. An analysis of the Group's revenue from principal activities, other income and gains is as follows:

	2016	2015
	HK$'000	*HK$'000*
Revenue		
Service income from sales of travel/wedding related products *(note)*	**319,698**	333,255
Sales of package tours *(note)*	**65,605**	40,315
Rental income from investment property	**2,234**	2,004
	387,537	375,574
Other income and gains		
Interest income on deposits in banks and financial institutions stated at amortised cost	**1,587**	2,557
Interest income on debt securities	**945**	336
Dividend income from listed securities	**83**	68
Exchange gains	**255**	1,454
Sundry income	**13,912**	8,959
	16,782	13,374
Total revenue, other income and gains	**404,319**	388,948

Note:

Total customer sales proceeds

	2016	2015
	HK$'000	*HK$'000*
Gross sales proceeds related to service income*	**1,837,551**	1,987,317
Sales of package tours	**65,605**	40,315
Total customer sales proceeds	**1,903,156**	2,027,632

* The Group's gross sales proceeds from sales of travel/wedding related products, includes the air tickets, hotel accommodation and other travel/wedding related products, are considered as cash collected on behalf of principals as an agent. The gross sales proceeds from these sales, which do not represent revenue, represent the price at which products have been sold inclusive of service fees. The related service income is recorded by the Group on net basis.

Segment information

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

	Travel and travel/ wedding related business		**Rental income from investment property**		**Treasury Activities**		**Total**	
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue								
From external customers	**385,303**	373,570	**2,234**	2,004	**–**	–	**387,537**	375,574
Reportable segment revenue	**385,303**	373,570	**2,234**	2,004	**–**	–	**387,537**	375,574
Reportable segment profit/(loss)	**38,729**	52,666	**(155)**	818	**333**	2,940	**38,907**	56,424
Interest income	**1,565**	2,404	**–**	–	**967**	459	**2,532**	2,863
Changes in fair value of investment property	**–**	–	**(1,400)**	–	**–**	–	**(1,400)**	–
Finance cost	**(77)**	(43)	**(404)**	(454)	**–**	–	**(481)**	(497)
Dividend income	**–**	–	**–**	–	**83**	68	**83**	68
Depreciation	**(9,871)**	(8,162)	**(4)**	(4)	**–**	–	**(9,875)**	(8,166)
Written off of property, plant and equipment	**(474)**	–	**–**	–	**–**	–	**(474)**	–
Bad debts written off	**(50)**	(1)	**–**	–	**–**	–	**(50)**	(1)
Gain on disposal of financial assets/liabilities at fair value through profit or loss	**–**	–	**–**	–	**81**	1,263	**81**	1,263
Fair value (loss)/gain on financial assets/ liabilities through profit or loss	**–**	–	**–**	–	**(624)**	904	**(624)**	904
Reportable segment assets	**300,604**	303,484	**60,688**	62,042	**45,969**	77,807	**407,261**	443,333
Additions to non-current segment assets during the year	**45,459**	11,147	**–**	–	**–**	–	**45,459**	11,147
Reportable segment liabilities	**207,691**	208,903	**18,028**	20,335	**68**	34,310	**225,787**	263,548

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:

	2016	2015
	HK$'000	*HK$'000*
Reportable segment revenue	**387,537**	375,574
Group revenue	**387,537**	375,574
Reportable segment profit	**38,907**	56,424
Share-based payments and other corporate expenses	**(2,659)**	(2,567)
Profit before income tax expense	**36,248**	53,857
Reportable segment assets	**407,261**	443,333
Other corporate assets	**4,129**	930
Group assets	**411,390**	444,263
Reportable segment liabilities	**225,787**	263,548
Other corporate liabilities	**1,812**	3,007
Group liabilities	**227,599**	266,555

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**	
	2016	2015	**2016**	2015
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong (domicile)	**387,491**	375,565	**150,188**	116,384
The People's Republic of China (the "PRC") excluding Hong Kong	**46**	9	**413**	642
	387,537	375,574	**150,601**	117,026

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 is 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 2015 and 2016.

5. PROFIT FROM OPERATIONS

	2016	2015
	HK$'000	*HK$'000*
Profit from operations is arrived at after charging:		
Depreciation of property, plant and equipment*	**9,890**	8,180
Loss on disposal of property, plant and equipment	**168**	206
Written off of property, plant and equipment	**474**	–
Bad debts written off	**50**	1
Changes in fair value of investment property *(note 10)*	**1,400**	–
Operating lease charges in respect of leasehold premises:		
— Minimum leases payments	**46,671**	49,320
— Contingent rents**	**91**	271
	46,762	49,591
Operating leases in respect of office equipment	**2,744**	1,986
Staff costs (excluding directors' remuneration):		
— Salaries	**171,980**	169,861
— Retirement scheme contribution	**7,553**	7,094
— Share-based payment expenses	**141**	352
	179,674	177,307

* Depreciation expenses have been included in:

— selling and distribution costs of approximately HK$3,717,000 for the year (2015: HK$3,319,000); and

— administrative expenses of approximately HK$6,173,000 for the year (2015: HK$4,861,000).

** 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

	2016	2015
	HK$'000	*HK$'000*
Interest on bank and other borrowings	**481**	497

7. INCOME TAX EXPENSE

	2016	2015
	HK$'000	*HK$'000*
Current tax — Hong Kong		
Tax for the year	**5,929**	10,120
Over provision in respect of prior year	**(719)**	(154)
	5,210	9,966

Hong Kong profits tax is calculated at 16.5% (2015: 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

	2016	2015
	HK$'000	*HK$'000*
Proposed final dividend	**13,867**	17,462

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

	2016	2015
	HK$'000	*HK$'000*
Final dividend proposed in the previous year	**17,462**	15,407
Interim dividend declared during the year	**7,704**	6,163
	25,166	21,570

The directors recommend a final dividend of HK2.7 cents (2015: HK3.4 cents) per ordinary share for the year ended 31 March 2016, amounting to approximately HK$13,867,000 (2015: HK$17,462,000) 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$31,585,000 (2015: HK$45,406,000) and 513,579,000 (2015: 513,579,000) weighted average number of ordinary shares in issue during the year.

No diluted earnings per share is presented for the years ended 31 March 2015 and 2016 as the exercise price of the Company's outstanding options was higher than the average market price for the respective years.

10. INVESTMENT PROPERTY

	2016	2015
	HK$'000	*HK$'000*
At beginning of the year	**62,000**	62,000
Changes in fair value of investment property *(note 5)*	**(1,400)**	–
At end of the year	**60,600**	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, Yuen Long, New Territories, Hong Kong.

The fair value of the Group's investment property as at 31 March 2016 and 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:

	2016	2015
	HK$'000	*HK$'000*
0–30 days	**7,736**	7,879
31–90 days	**2,004**	459
Over 90 days	**170**	13
	9,910	8,351

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

	2016	2015
	HK$'000	*HK$'000*
Prepayments *(note)*	**3,230**	43,211
Deposits	**20,483**	18,764
Other receivables	**13,630**	17,008
	37,343	78,983
Classified as:		
Non-current assets	**6,731**	–
Current assets	**30,612**	78,983
	37,343	78,983

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 14.

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:

	2016	2015
	HK$'000	*HK$'000*
0–30 days	**90,195**	106,937
31–90 days	**34,149**	37,809
Over 90 days	**15,677**	14,115
	140,021	158,861

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. BANK AND OTHER BORROWINGS

	Notes	**2016** **HK$'000**	2015 HK$'000
Secured bank borrowings			
Portion due for repayment within one year	*(a)*	**3,436**	2,926
Portion due for repayment after one year which contain a repayable on demand clause	*(a)*	**20,162**	18,786
		23,598	21,712
Secured bank overdraft			
Portion due for repayment within one year	*(a)*	**9,975**	–
Unsecured other borrowing			
Portion due for repayment within one year	*(b)*	**–**	34,272
		33,573	55,984

Notes:

(a) The Group's interest-bearing bank borrowing of approximately HK$1,330,000 (2015: HK$1,880,000) bears interest at a floating rate of 1.75% per annum over 1 month HIBOR; interest-bearing bank borrowing of approximately HK$4,812,000 (2015: Nil) bears interest at a floating rate of 2.15% per annum below HKD prime; and bank overdraft of approximately HK$9,975,000 (2015: Nil) bears interest at a floating rate of 2.00% per annum over 1 month HIBOR are secured by the Group's land and buildings of approximately HK$70,164,000 (2015: HK$40,921,000) as at 31 March 2016.

The Group's interest-bearing bank borrowing of approximately HK$17,456,000 (2015: HK$19,832,000) 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$60,600,000 (2015: HK$62,000,000) as at 31 March 2016 (Note 10).

The current liabilities include bank borrowings of approximately HK$20,162,000 (2015: HK$18,786,000) that are not scheduled for repayment within one year. They are classified as current liabilities as the related loan agreements contain a clause that provides the lenders with an unconditional right to demand repayment at any time at their own discretion.

(b) As at 31 March 2015, the Group's interest-bearing other borrowing 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. The Broker's Loan has been fully repaid during the year.

15. SHARE CAPITAL

	Number of shares	Amount
	'000	*HK$'000*
Authorised:		
Ordinary shares of HK$0.01 each		
At 1 April 2014, 31 March 2015, 1 April 2015 and 31 March 2016	**2,000,000**	**20,000**

	Number of shares	Amount
	'000	*HK$'000*
Issued and fully paid:		
Ordinary shares of HK$0.01 each		
At 1 April 2014, 31 March 2015, 1 April 2015 and 31 March 2016	**513,579**	**5,136**

DIVIDEND

The Directors recommended the payment of a final dividend of HK2.7 cents per ordinary share for the year ended 31 March 2016 (2015: HK3.4 cents) to shareholders whose names appear on the register of members of the Company at the close of business on 29 August 2016. 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 9 September 2016.

CLOSURE OF REGISTER OF MEMBERS FOR AGM

The register of members of the Company will be closed from 12 August 2016 to 17 August 2016, both days inclusive, for the purpose of determining the entitlement to attend and vote at the AGM scheduled to be held on 17 August 2016. 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 11 August 2016.

CLOSURE OF REGISTER OF MEMBERS FOR DIVIDEND

The register of members of the Company will be closed from 25 August 2016 to 29 August 2016, both days inclusive, for the purpose of determining the entitlement to the proposed final dividend for the year ended 31 March 2016. In order to qualify for the proposed final dividend for the year ended 31 March 2016, all transfer forms accompanied by relevant share certificates must be lodged with the Branch Share Registrar not later than 4:30 p.m. on 24 August 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

Although the Group recorded a satisfactory business growth in the first half of the year, there was a significant drop in the business performance in the second half of the year. The Group's total customer sales proceeds was HK$1,903.2 million for the year, representing a decrease of 6.1% as compared with HK$2,027.6 million for the previous year. The total revenue for the year ended 31 March 2016 slightly increased to HK$387.5 million (2015: HK$375.6 million), representing an increase of 3.2% from the previous year. The sluggish economy in both Hong Kong and China market affected the business growth. The dramatic reduction of inbound tourist from China since September 2015 worsened the retail market in Hong Kong and further impacted local economy. Furthermore, the aggressive marketing campaigns and promotion programs launched by online travel agencies in the second half of year caused great pricing pressure and increased the competition intensively. All these negative factors greatly affected the customers' travelling spending especially on our retail FIT (free independent travellers) business.

In addition, the revaluation loss in our investment property of HK$1.4 million due to the general downward adjustment in Hong Kong property market and the loss on treasury activities of HK$0.5 million (2015: gain of HK$2.2 million) also contributed to the drop in our bottom line. Excluding the non-controlling interests, the profit for the year attributable to owners of the Company had a decrease of 30.4% to HK$31.6 million (2015: HK$45.4 million). The total Group's profit for the year was HK$31.0 million, representing a decrease of 29.4% from HK$43.9 million in the previous year. Basic earnings per share attributable to owners of the Company for the year was HK6.1 cents, representing a decrease of 30.7% from HK8.8 cents over the previous year. The Board recommend a final dividend of HK2.7 cents (2015: HK3.4 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. In the first half of the year, the business still recorded a satisfactory growth. However, there was a dramatic market change in the second half of the year that resulted in a drop of the overall sales performance for the full year. In addition to the economic slowdown in Hong Kong and China that adversely affected the travelling spending and customer sentiments, the keen competition from online agencies and booking websites of airlines and hotels exerted tremendous operating and pricing pressure on our FIT business.

To respond to this challenging operating environment and to maintain our competitiveness, the Group focused on the improvement of service quality and product offerings such as cruise holidays. We also introduced new and diversified short haul guided tours "覓食遊" to Guangdong, China that specially designed for customers who look for a getaway with good food and high class hotel accommodation. Besides, the Group launched proactive marketing activities to establish direct contact with customers and respond to their requirements as well as the changing market environment. The Group held a large scale marketing activity called "Travel Parade" in April 2016 to promote the Group's image of "one take" and "all-in-one travel solutions". All our brands set up booths in the activity which was well received by customers and different suppliers. The satisfactory sales result testified the success of the activity.

The Group's another retail FIT business brand, Tailor Made Holidays Limited (度新假期有限公司) ("Tailor Made Holidays (度新假期)") recorded a solid business growth year by year. During the year, we opened a new shop at Tseung Kwan O PopCorn. In May 2016, another new shop was opened at Kwai Fong Metroplaza. At present, there are totally four shops under this brand name. We continue to make efforts to expand its branch network in order to strengthen its presence and future growth potential. To further enhance its brand awareness, we are committed to enriching product mix and will continue to launch marketing activities to promote its distinguished positioning of provision of overseas wedding packages and specially designed travel products for couples and lovers under the product name of Lovers' Travel (愛侶•遊).

With an aim to tap into e-business, the Group launched an online sales platform "Pack2fly.com" in early 2015. However, due to the lack of flexibility and various system issues caused by external parties, the business performance through this platform was not up to our expectation. To tackle the problem, our IT team in Shenzhen is making effort to redevelop a new online trading platform. We believe that the redeveloped new platform will not only enable us to capture the online business opportunity but will also help us to move forward to the O2O (Online to Offline) business model.

The Group's corporate business is operated mainly through Travel Expert Business Services Limited (專業旅運商務有限公司). The business performance in the past year was fairly stable. However, it was visible that the corporate travel business would be negatively impacted by the slowdown of economy in Hong Kong and China because many corporate customers reduced the travelling budget and staff spending. The Group will continue to monitor the business performance and will take appropriate measures to tackle the changing market environment in the corporate travel business.

The Group's tour operation is conducted by Premium Holidays Limited (尊賞假期有限公司) ("Premium Holidays (尊賞假期)"). It focuses on operating high-end long haul tours, cruise travel tours and MICE (meeting, incentive, conference and exhibition) businesses. During the year, it recorded an encouraging growth in the sales revenue. In December 2015, it opened a new shop at Central Grand Building. In January 2016, it moved its back office to the Group's self-owned property at Tsimshatsui Han Chung Mansion and opened the first new retail shop in Kowloon side. Together with the existing shop at Causeway Bay Hang Lung Centre, totally it has three retail shops nowadays. All these shops are located at high traffic commercial districts that can help the business to enhance its market awareness. With our continuous marketing effort and dedicated management team, the brand has been gradually known by the market. In addition, different theme-type tours and travel products "Premium Vacation (自由團)" offered by it received good responses from customers. Its establishment enabled us to enrich product offerings and services to customers and which in turn help to strengthen our market position. To further promote this brand, we will continue to commit considerable resources in its marketing activities and business development.

The new business line of Take My Hand Limited (緣動有限公司) ("Take My Hand (緣動)") has actively launched various marketing activities to promote its business and brand name. During the year, it launched its own website and introduced new logo to promote its business image. In January 2016, it moved to a new shop at Kowloon Station where is a convenient location for our customers. In May 2016, the business was granted a Travel Agent Licence which enabled it to offer one-stop wedding services and products including wedding planning services, event management, overseas wedding and travelling arrangements. It has committed to providing a wide range of products and services to customers and their relatives for touching and memorable events. The establishment of this business enables the Group's business expansion into overseas wedding related travel business that further strengthened our competitive advantages as the one-stop travel solutions provider.

In addition to the ordinary travel business segment, our investment activities using the Group's surplus funds allocated under the approved investment cap are conducted by Travel Expert Asset Management Limited (專業旅運資產管理有限公司). This segment recorded a loss in the equity and other investments due to the highly volatile investment market especially in the second half of the year. In view of the adverse market condition in the year, the Board of Directors resolved at the meeting in March 2016 to reduce its investment cap from HK$80 million to HK$40 million effective from 1 April 2016. We will continue to closely monitor the market situation and make investment decisions prudently in order to help the Group to better utilize its surplus fund and contributed to its bottom line.

FINANCIAL REVIEW

Selling and Distribution Costs

For the year ended 31 March 2016, selling and distribution costs amounted to HK$236.1 million, representing an increase of 0.7% from HK$234.5 million for the previous year. The selling and distribution costs accounted for 60.9% of the Group's total revenue, having decreased from 62.4% 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 labour 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 2016, the Group operated a total of 63 retail shops in Hong Kong under the brand names of Travel Expert, Tailor Made Holidays, Premium Holidays, Cruise Expert and Take My Hand.

Administrative Expenses

For the year ended 31 March 2016, administrative expenses amounted to HK$72.0 million, representing an increase of 7.1% from HK$67.2 million for the last year. Administrative expenses accounted for 18.6% of the Group's total revenue, which increased from 17.9% 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 four back office locations in Hong Kong and one in Shenzhen. 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 will adopt 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 was HK$481,000, which was mainly related to the interest-bearing bank borrowing of mortgage loans for the Group's properties (2015: HK$497,000).

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 2016 remained healthy with net assets value of HK$183.8 million (as at 31 March 2015: HK$177.7 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$194.4 million as at 31 March 2016 (as at 31 March 2015: HK$216.3 million). As at 31 March 2016, in addition to an investment property with fair value at HK$60.6 million (as at 31 March 2015: HK$62.0 million), the Group held a portfolio of financial assets and liabilities at fair value through profit or loss at around HK$20.3 million and HK$31,000 respectively (as at 31 March 2015: HK$16.9 million and HK$7,000 respectively).

As at 31 March 2016, the Group's current ratio (current assets divided by current liabilities) was 1.15 times compared with 1.23 times as at 31 March 2015. The gearing ratio (interest-bearing borrowings divided by total equity) was 18.3% as compared with 31.5% as at 31 March 2015. The high gearing ratio as at 31 March 2015 was due to a short term loan from a stock broker for IPO share purchase application and which 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 2016.

Capital Commitment

The Group did not have any significant capital commitment as at 31 March 2016.

Pledge of Assets

As at 31 March 2016, the Group had three outstanding loans including two mortgage loans amounting in total of HK$23.6 million (as at 31 March 2015: HK$21.7 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 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 (專業旅運資產管理有限公司) together with the extension of investment scope, the Group may use more financial tools such as foreign exchange forward contracts and currency futures etc. to manage the foreign exchange risks. For the year ended 31 March 2016, a net foreign exchange gain of approximately HK$255,000 was recorded (2015: exchange gain of HK$1.5 million).

Human Resources and Employee's Remuneration

As at 31 March 2016, the Group had a total workforce of 671 (as at 31 March 2015: 673), of which about 70.3% 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 adopted a Share Option Scheme 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

There was no important event affecting the Company and its subsidiaries which has occurred since the year ended 31 March 2016.

OUTLOOK

In view of the economic downturn and intensified online agency competition under the tight profit margins business environment, the coming year will undoubtedly be very challenging. The market situation is most likely to get worsen over the next few months because the economy in Hong Kong and China may not be able to rebound in a short period of time. Facing the challenges ahead, the Group will make all effort to strengthen its foundation and competitive advantages through improvement of services quality and enhancement of product offerings.

Besides, the Group will adopt effective cost control measures. We will leverage our existing experienced and efficient back office team to support new business lines. Regarding the sales channel, we will continue to maintain a widespread branch network in Hong Kong and open new shops in the selected strategic locations with good profit potential. Of course, we will closely monitor our shop portfolio and close inefficient shops if necessary.

In recent years, the Group has been working strenuously in business diversification and set up new business lines i.e. Premium Holidays (尊賞假期), Tailor Made Holidays (度新假期) and Take My Hand (緣動). During the year, these business lines gained a firm foothold in the market with steady growth in the revenue. We will continue to commit significant resources to promote their businesses and enhance the brand awareness. The establishment of these business lines is to accomplish the Group's goal of business diversification and sustainable growth in the long term.

In April 2016, the Group launched a new group website "http://www.tegroup.com.hk" aiming at giving a clear Group's image as an all-round travel solution provider that offering diversified travel services and products rather than a FIT only travel agency. In addition, our cruise business and corporate travel business adopted a new company logo in the past year to further enhance its unique brand's image.

Last but not least, the Group recognizes the potential of the increasingly important online operations. We will continue to spend on IT technology advancement to adapt to consumers' shopping habits and provide timely response to them. As mentioned above, our IT team in Shenzhen endeavors to develop a new online trading platform. We believe that the new platform can help us to move forward to the O2O (Online to Offline) business model so that we can leverage the customer base of our physical shops and strong product offerings to develop the online business.

In short, the Group will strive to maintain the sales turnover and profitability in the coming year although all the initiatives to be taken will exert huge pressure on operating costs and profits. We believe that the resilience and adaptability of our capable staff and management team will deliver sustained and satisfying growth to the Company.

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

During the year ended 31 March 2016, 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 2016, 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 2016.

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 2016.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement of the Group for the year ended 31 March 2016 is published on the websites of the Stock Exchange at www.hkexnews.hk and the Company at www.tegroup.com.hk. The annual report will be published on the same websites and dispatched to shareholders in due course.

By order of the Board
Travel Expert (Asia) Enterprises Limited
Ko Wai Ming, Daniel
Chairman

Hong Kong, 22 June 2016

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.