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 2018

FINANCIAL HIGHLIGHTS

- Total customer sales proceeds for the year was HK$1,618.1 million, representing a decrease of 7.9% from HK$1,757.1 million for the last year.
- Revenue for the year was HK$325.3 million, representing a decrease of 5.5% from HK$344.2 million for the last year.
- The profit for the year attributable to the owners of the Company was HK$1.4 million (2017: loss attributable to the owners of the Company of HK$0.7 million).
- Earnings per share attributable to owners of the Company for the year was HK0.3 cent (2017: loss per share of HK0.1 cent).
- Final dividend of HK2.0 cents per ordinary share is proposed for the year ended 31 March 2018 (2017: HK2.0 cents).

ANNUAL RESULTS

The board (the "Board") of directors (the "Directors") of Travel Expert (Asia) Enterprises Limited (the "Company") presents the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2018 together with comparative figures.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2018

	Notes	**2018** *HK$'000*	2017 *HK$'000*
Revenue	*4*	**325,331**	344,169
Cost of sales		**(81,315)**	(65,909)
Gross profit		**244,016**	278,260
Other income and gains	*4*	**18,596**	16,227
Changes in fair value of investment property	*10*	**5,000**	(9,600)
Selling and distribution costs		**(196,012)**	(209,967)
Administrative expenses		**(72,594)**	(71,923)
Share of profits of associates		**1,351**	–
Gain/(loss) on disposal of financial assets/liabilities at fair value through profit or loss		**1,109**	(685)
Fair value loss on financial assets/liabilities at fair value through profit or loss		**(84)**	(106)
Profit from operations	*5*	**1,382**	2,206
Finance costs	*6*	**(519)**	(515)
Profit before income tax		**863**	1,691
Income tax expense	*7*	**(626)**	(3,225)
Profit/(loss) for the year		**237**	(1,534)
Other comprehensive income, that may be reclassified subsequently to profit or loss			
Exchange differences on translation of financial statements of overseas subsidiaries		**359**	(265)
Other comprehensive income for the year, net of tax		**359**	(265)
Total comprehensive income for the year		**596**	(1,799)

	Notes	**2018** *HK$'000*	2017 *HK$'000*
Profit/(loss) for the year attributable to:			
Owners of the Company		**1,396**	(688)
Non-controlling interests		**(1,159)**	(846)
		237	(1,534)
Total comprehensive income for the year attributable to:			
Owners of the Company		**1,755**	(953)
Non-controlling interests		**(1,159)**	(846)
		596	(1,799)
Earnings/(loss) per share attributable to owners of the Company	*9*		
– Basic		**HK0.3 cent**	HK(0.1) cent
– Diluted		**N/A**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2018

	Notes	2018 HK$'000	2017 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**73,106**	76,776
Investment property	*10*	**–**	51,000
Goodwill		**445**	445
Interests in associates		**10,782**	–
Deposits	*12*	**6,509**	7,385
		90,842	135,606
Current assets			
Inventories		**1,725**	2,336
Trade receivables	*11*	**7,339**	7,289
Prepayments, deposits and other receivables	*12*	**57,353**	33,284
Amount due from an associate		**1,591**	–
Financial assets at fair value through profit or loss		**12,260**	2,007
Prepaid tax		**2,519**	4,112
Pledged deposits		**1,347**	2,367
Time deposits over three months		**45,545**	130,195
Cash and cash equivalents		**80,467**	42,314
		210,146	223,904
Asset classified as held for sale	*16*	**56,000**	–
		266,146	223,904
Current liabilities			
Trade payables	*13*	**112,776**	110,835
Accrued charges, deposits received and other payables		**58,835**	50,904
Bank borrowings	*14*	**21,705**	25,982
Amounts due to associates		**2,221**	–
Provision for tax		**55**	763
		195,592	188,484
Net current assets		**70,554**	35,420
Total assets less current liabilities		**161,396**	171,026

	Notes	2018 HK$'000	2017 HK$'000
Non-current liabilities			
Deferred tax liabilities	*7*	**843**	797
		843	797
Net assets		**160,553**	170,229
EQUITY			
Equity attributable to owners of the Company			
Share capital	*15*	**5,136**	5,136
Reserves		**158,113**	166,630
		163,249	171,766
Non-controlling interests		**(2,696)**	(1,537)
Total equity		**160,553**	170,229

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

For the year ended 31 March 2018

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability. The address of its registered office is Cricket Square, Hutchins Drive, P. O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Group is located at Units A-C, 9/F., D2 Place TWO, 15 Cheung Shun Street, 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 services relating to the sale of air-tickets, hotel accommodation and other travel/wedding related products, provision of package tours, property investment and investment in treasury activities.

2. BASIS OF PREPARATION

The consolidated financial statements for the year ended 31 March 2018 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 (the "Listing Rules").

3. ADOPTION OF NEW AND REVISED HKFRSS

(a) Adoption of new and revised HKFRSs – effective 1 April 2017

In the current year, the Group has applied for the first time 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 2017.

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Annual Improvements to HKFRSs 2014-2016 Cycle	Amendments to HKFRS 12, Disclosure of Interests in Other Entities

The adoption of the amendments to HKAS 7 – Disclosure Initiative had led to the additional disclosure presented in the notes to the consolidated statement of cash flows.

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

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

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

Annual improvements to HKFRSs 2014-2016 Cycle	Amendments to HKAS 28, Investments in Associates and Joint Ventures[1]
Amendments to HKFRS 2	Classification and Measurement of Share-Based Payment Transactions[1]
HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[1]

Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarification of HKFRS 15)[1]
Amendments to HKAS 40	Transfers of Investment Property[1]
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[2]
HKFRS 16	Leases[2]
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments[2]
Amendments to HKFRS 10 and HKAS 28	Sale and Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKFRSs	Annual improvements to HKFRSs 2015-2017 cycle[2]
Amendments to HKAS 28	Investments in Associates and Joint Ventures[2]
Amendments to HKAS 19	Employee Benefits[2]

[1] Effective for annual periods beginning on or after 1 January 2018
[2] Effective for annual periods beginning on or after 1 January 2019
[3] No mandatory date yet determined but is available for early adoption

Annual Improvements to HKFRSs 2014-2016 Cycle – Amendments to HKAS 28, Investments in Associates and Joint Ventures

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKAS 28, Investments in Associates and Joint Ventures, clarifying that a Venture Capital organisation's permissible election to measure its associates or joint ventures at fair value is made separately for each associate or joint venture.

Amendments to HKFRS 2 – Classification and Measurement of Share-Based Payment Transactions

The amendments provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; share-based payment transactions with a net settlement feature for withholding tax obligations; and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

Amendments to HKAS 40 – Transfers of Investment Property

The amendments require a property be transferred to, or from, investment property only when there is a change in use. The amendments clarify that a change in management's intentions for the use of a property does not in isolation provide evidence of a change in use.

HK(IFRIC) – Int 22 – Foreign Currency Transactions and Advance Consideration

The Interpretation provides guidance on determining the date of the transaction for determining an exchange rate to use for transactions that involve advance consideration paid or received in a foreign currency and the recognition of a non-monetary asset or non-monetary liability. The Interpretations specifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part thereof) is the date on which the entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

HK(IFRIC) – Int 23 – Uncertainty over Income Tax Treatments

The Interpretation supports the requirements of HKAS 12, Income Taxes, by providing guidance over how to reflect the effects of uncertainty in accounting for income taxes.

Under the Interpretation, the entity shall determine whether to consider each uncertain tax treatment separately or together based on which approach better predicts the resolution of the uncertainty. The entity shall also assume the tax authority will examine amounts that it has a right to examine and have full knowledge of all related information when making those examinations. If the entity determines it is probable that the tax authority will accept an uncertain tax treatment, then the entity should measure current and deferred tax in line with its tax filings. If the entity determines it is not probable, then the uncertainty in the determination of tax is reflected using either the "most likely amount" or the "expected value" approach, whichever better predicts the resolution of the uncertainty.

Amendments to HKFRS 10 and HKAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify the extent of gains or losses to be recognised when an entity sells or contributes assets to its associate or joint venture. When the transaction involves a business the gain or loss is recognised in full, conversely when the transaction involves assets that do not constitute a business the gain or loss is recognised only to the extent of the unrelated investors' interests in the joint venture or associate.

Except as described below, the directors of the Company anticipate that the application of the above new or amended HKFRSs will have no material impact on the consolidated financial statements.

HKFRS 9 – 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 or 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.

Amendments to HKFRS 9 – Prepayment Features with Negative Compensation

The amendments clarify that prepayable financial assets with negative compensation can be measured at amortised cost or at fair value through other comprehensive income if specified conditions are met – instead of at fair value through profit or loss.

A preliminary assessment on classification and measurement of financial assets under HKFRS 9 performed by the Group, which is subject to changes arising from a more detailed ongoing analysis, is as follows:

The Group's derivatives, listed debt securities, listed equity and listed investment fund currently classified as financial assets at fair value through profit or loss will continue to be classified under this category. The measurement requirements for financial assets at fair value through profit or loss under HKFRS 9 are largely unchanged.

All other financial assets and financial liabilities will continue to be measured on the same bases as are currently measured under HKAS 39.

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.

HKFRS 15 requires the application of a 5 steps approach to revenue recognition:

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.

Amendments to HKFRS 15 – Revenue from Contracts with Customers (Clarifications to HKFRS 15)

The amendments to HKFRS 15 included clarifications on identification of performance obligations; application of principal versus agent; licenses of intellectual property; and transition requirements.

The directors of the Company have assessed its performance obligations of its travel and travel related service pursuant to HKFRS 15 and have concluded that there are no significant differences on the timing and amounts of revenue recognised for these revenue streams in the respective reporting periods. The principles of principal and agent pursuant to HKFRS 15 do not have much difference with those currently applied by the Group in accordance with HKAS 18. Accordingly, the implementation of the HKFRS 15 would not result in any significant impact on the Group's financial position and results of operations.

HKFRS 16 – Leases

HKFRS 16, which upon the effective date will supersede HKAS 17 Leases and related interpretations, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor 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.

Application of HKFRS 16 will result in the Group's recognition of right-of-use assets and corresponding liabilities in respect of its operating lease arrangements. These assets and liabilities are currently not required to be recognised but certain relevant information is disclosed. As at 31 March 2018, the Group has non-cancellable operating lease commitments of approximately HK$56,504,000. The directors of the Company made an assessment of the impact of adopting the above standards and amendments to existing standards to the Group. It indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. The new requirement to recognise a right-of-use asset and a related lease liability is expected to have a significant impact on the amounts recognised in the Group's consolidated statement of financial position. However, the adoption would not have significant impact on the Group's financial performance.

4. REVENUE, OTHER INCOME AND GAINS, AND SEGMENT INFORMATION

The Group's principal activities are the provision of services relating to the sales of air-tickets, hotel accommodation and other travel/wedding related products, provision of package tours, property investment and investment in treasury activities. An analysis of the Group's revenue from principal activities, other income and gains is as follows:

	2018	2017
	HK$'000	*HK$'000*
Revenue		
Service income from sales of travel/wedding related products *(note)*	**218,315**	269,438
Sales of package tours *(note)*	**105,796**	72,451
Rental income from investment property	**1,220**	2,280
	325,331	344,169
Other income and gains		
Interest income on deposits in banks and financial institutions stated at amortised cost	**1,346**	1,196
Interest income on debt securities	**305**	416
Dividend income from listed securities	**124**	2
Exchange gains	**1,577**	762
Rental income from an associate	**120**	–
Sundry income	**15,124**	13,851
	18,596	16,227
Total revenue, other income and gains	**343,927**	360,396

Note:

Total customer sales proceeds

	2018 HK$'000	2017 HK$'000
Gross sales proceeds related to service income*	**1,512,337**	1,684,692
Sales of package tours	**105,796**	72,451
Total customer sales proceeds	**1,618,133**	1,757,143

* *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 a principal as an agent. The gross sales proceeds from these sales, which do not represent revenue, represent the price at which products have been sold inclusive of service fees. The related service income is recorded by the Group on net basis.*

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	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue								
From external customers	**324,111**	341,889	**1,220**	2,280	**–**	–	**325,331**	344,169
Reportable segment revenue	**324,111**	341,889	**1,220**	2,280	**–**	–	**325,331**	344,169
Reportable segment profit/(loss)	**(5,761)**	11,952	**5,690**	(8,233)	**997**	(481)	**926**	3,238
Interest income	**1,329**	1,181	**–**	–	**322**	431	**1,651**	1,612
Changes in fair value of investment property	**–**	–	**5,000**	(9,600)	**–**	–	**5,000**	(9,600)
Finance cost	**(220)**	(163)	**(299)**	(352)	**–**	–	**(519)**	(515)
Dividend income	**–**	–	**–**	–	**124**	2	**124**	2
Depreciation	**(8,451)**	(10,285)	**(1)**	(1)	**–**	–	**(8,452)**	(10,286)
Impairment loss on property, plant and equipment	**(1,144)**	–	**–**	–	**–**	–	**(1,144)**	–
Written off of deposits paid	**(64)**	–	**–**	–	**–**	–	**(64)**	–
Gain/(loss) on disposal of financial assets/liabilities at fair value through profit or loss	**–**	–	**–**	–	**1,109**	(685)	**1,109**	(685)
Fair value loss on financial assets/liabilities at fair value through profit or loss	**–**	–	**–**	–	**(84)**	(106)	**(84)**	(106)
Share of loss of an associate	**(198)**	–	**–**	–	**–**	–	**(198)**	–
Reportable segment assets	**246,971**	286,060	**56,064**	51,123	**38,842**	17,385	**341,877**	354,568
Additions to non-current segment assets during the year	**7,988**	5,750	**6**	–	**–**	–	**7,994**	5,750
Reportable segment liabilities	**180,429**	171,341	**12,969**	15,600	**33**	33	**193,431**	186,974

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

	2018	2017
	HK$'000	*HK$'000*
Reportable segment revenue	**325,331**	344,169
Group revenue	**325,331**	344,169
Reportable segment profit	**926**	3,238
Share of profits of associates	**1,549**	–
Other corporate expenses	**(1,612)**	(1,547)
Profit before income tax	**863**	1,691
Reportable segment assets	**341,877**	354,568
Other corporate assets	**15,111**	4,942
Group assets	**356,988**	359,510
Reportable segment liabilities	**193,431**	186,974
Other corporate liabilities	**3,004**	2,307
Group liabilities	**196,435**	189,281

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	
	2018	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong (domicile)	**325,242**	344,073	**89,480**	135,399
The People's Republic of China (the "PRC") excluding Hong Kong	**89**	96	**1,362**	207
	325,331	344,169	**90,842**	135,606

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 from 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 2017 and 2018.

5. PROFIT FROM OPERATIONS

	2018	2017
	HK$'000	*HK$'000*
Profit from operations is arrived at after charging/(crediting):		
Depreciation of property, plant and equipment*	**8,468**	10,361
Loss on disposal of property, plant and equipment	**59**	330
Impairment loss on property, plant and equipment	**1,144**	–
Written off of deposits paid	**64**	–
Changes in fair value of investment property *(note 10)*	**(5,000)**	9,600
Operating leases in respect of leasehold premises:		
– Minimum leases payments	**43,854**	45,701
– Contingent rents**	**25**	62
	43,879	45,763
Operating leases in respect of office equipment	**2,419**	2,586
Staff costs (excluding directors' remuneration):		
– Salaries	**143,327**	157,598
– Retirement scheme contribution	**6,218**	6,951
	149,545	164,549

* *Depreciation expenses have been included in:*

– *selling and distribution costs of approximately HK$3,110,000 for the year (2017: HK$3,600,000); and*

– *administrative expenses of approximately HK$5,358,000 for the year (2017: HK$6,761,000).*

** *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

	2018	2017
	HK$'000	*HK$'000*
Interest on bank borrowings	**519**	515

7. INCOME TAX EXPENSE AND DEFERRED TAX

The amounts of income tax in the consolidated statement of comprehensive income represent:

	2018	2017
	HK$'000	*HK$'000*
Current tax – Hong Kong		
Tax for the year	**344**	2,637
Under/(over) provision in respect of prior years	**236**	(209)
	580	2,428
Deferred tax *(note)*	**46**	797
	626	3,225

Hong Kong profits tax is calculated at 16.5% (2017: 16.5%) on the estimated assessable profits.

Subsidiaries of the Company established in the PRC are subjected to PRC enterprise income tax at the rate of 25%. No PRC enterprise income tax has been provided as the Group did not generate any assessable profits in the PRC during the year.

Note:

Details of the deferred tax liabilities recognised and movements during the years are as follows:

	Accelerated tax depreciation
	HK$'000
At 1 April 2016	–
Charged to profit or loss for the year	797
At 31 March 2017 and 1 April 2017	797
Charged to profit or loss for the year	46
At 31 March 2018	843

As at 31 March 2018, the Group has estimated unused tax losses of approximately HK$30,477,000 (2017: HK$20,882,000) which were available for offset against future profits. No deferred tax asset has been recognised in respect of the estimated tax losses due to the unpredictability of future profit streams. The amount of tax losses of approximately HK$28,755,000 (2017: HK$20,882,000) have no expiry date and HK$1,722,000 (2017: Nil) are subject to expiry period of five years.

8. DIVIDEND

	2018	2017
	HK$'000	*HK$'000*
Proposed final dividend	**10,272**	10,272

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

	2018	2017
	HK$'000	*HK$'000*
Final dividend proposed in the previous year	**10,272**	13,867

The directors recommend a final dividend of HK2.0 cents (2017: HK2.0 cents) per ordinary share for the year ended 31 March 2018, amounting to approximately HK$10,272,000 (2017: HK$10,272,000) 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 profits for the year.

9. EARNINGS/(LOSS) 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$1,396,000 (2017: basic loss per share is based on the loss for the year attributable to owners of the Company of approximately HK$688,000) and 513,579,000 (2017: 513,579,000) weighted average number of ordinary shares in issue during the year.

No diluted loss per share is presented for the year ended 31 March 2017 as the exercise price of the Company's outstanding options was higher than the average market price when those options are outstanding.

No diluted earnings per share is presented for the year ended 31 March 2018 as there was no outstanding share option during the year.

10. INVESTMENT PROPERTY

	2018	2017
	HK$'000	*HK$'000*
At beginning of the year	**51,000**	60,600
Changes in fair value of investment property *(note 5)*	**5,000**	(9,600)
Classified as asset held for sale *(note 16)*	**(56,000)**	–
At end of the year	**–**	51,000

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. As at 31 March 2018, the carrying amount of the investment property of HK$56,000,000 was classified as asset held for sale as mentioned in note 16.

The fair value of the Group's asset held for sale as at 31 March 2018 and investment property as at 31 March 2017 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:

	2018	2017
	HK$'000	*HK$'000*
0 – 30 days	**4,526**	6,121
31– 90 days	**2,558**	1,008
Over 90 days	**255**	160
	7,339	7,289

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

	2018	2017
	HK$'000	*HK$'000*
Prepayments	**9,553**	5,602
Deposits	**23,018**	19,425
Other receivables	**29,187**	13,538
Amount due from an non-controlling interest *(note)*	**2,104**	2,104
	63,862	40,669
Classified as:		
Non-current assets	**6,509**	7,385
Current assets	**57,353**	33,284
	63,862	40,669

Note: The amount due from an non-controlling interest, representing capital injection receivable from the non-controlling interest of TE Nice Tour (Shenzhen) Limited, is unsecured, interest-free and repayable on demand.

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, was as follows:

	2018	2017
	HK$'000	*HK$'000*
0 – 30 days	**76,764**	70,793
31– 90 days	**23,721**	30,978
Over 90 days	**12,291**	9,064
	112,776	110,835

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 BORROWINGS

	2018	2017
	HK$'000	*HK$'000*
Secured bank borrowings		
Portion due for repayment within one year	**3,572**	4,098
Portion due for repayment after one year which contains a repayable on demand clause	**18,133**	21,884
	21,705	25,982

The Group's interest-bearing bank borrowing of Nil (2017: HK$780,000) bears interest at a floating rate of 1.75% per annum over 1 month HIBOR; interest-bearing bank borrowing of approximately HK$3,888,000 (2017: HK$4,355,000) bears interest at a floating rate of 2.15% per annum below HKD prime; and interest-bearing bank borrowing of approximately HK$5,272,000 (2017: HK$5,820,000) bears interest at a floating rate of 1.60% per annum over HIBOR with capped rate of 2.90% per annum below HKD prime are secured by the Group's land and buildings of approximately HK$65,028,000 (2017: HK$67,596,000) as at 31 March 2018.

The Group's interest-bearing bank borrowing of approximately HK$12,545,000 (2017: HK$15,027,000) bears interest at a floating rate of 2.85% per annum below HKD prime and is secured by the Group's asset classified as held for sale of approximately HK$56,000,000 (2017: the Group's investment property of approximately HK$51,000,000) as at 31 March 2018.

The current liabilities include bank borrowings of approximately HK$18,133,000 (2017: HK$21,884,000) 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.

15. SHARE CAPITAL

	Number of shares	**Amount**
	'000	***HK$'000***
Authorised:		
Ordinary shares of HK$0.01 each		
At 1 April 2016, 31 March 2017, 1 April 2017 and 31 March 2018	**2,000,000**	**20,000**
Issued and fully paid:		
Ordinary shares of HK$0.01 each		
At 1 April 2016, 31 March 2017, 1 April 2017 and 31 March 2018	**513,579**	**5,136**

16. ASSET CLASSIFIED AS HELD FOR SALE

On 22 February 2018, the Group entered into a provisional sale and purchase agreement with an independent third party (the "Purchaser") pursuant to which the Group agreed to sell and the Purchaser agreed to purchase the investment property of the Group at a consideration of HK$56,000,000. As at 31 March 2018, the carrying amount of the investment property of HK$56,000,000 was classified as asset held for sale. Deposits of HK$5,600,000 had been received by the Group and included in accrued charges, deposits received and other payables. The transaction is expected to be completed on or before 28 June 2018.

The Group's asset classified as held for sale is pledged to a bank to secure a bank borrowing granted to the Group as at 31 March 2018.

DIVIDEND

The Directors recommended the payment of a final dividend of HK2.0 cents per ordinary share for the year ended 31 March 2018 (2017: HK2.0 cents) to shareholders whose names appear on the register of members of the Company at the close of business on 29 August 2018. Subject to the approval by the shareholders at the forthcoming annual general meeting ("AGM"), the dividend cheques are expected to be despatched to shareholders on or around 7 September 2018.

CLOSURE OF REGISTER OF MEMBERS FOR AGM

The register of members of the Company will be closed from 14 August 2018 to 17 August 2018, both days inclusive, for the purpose of determining the entitlement to attend and vote at the AGM scheduled to be held on 17 August 2018. 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 2018.

CLOSURE OF REGISTER OF MEMBERS FOR DIVIDEND

The register of members of the Company will be closed from 27 August 2018 to 29 August 2018, both days inclusive, for the purpose of determining the entitlement to the proposed final dividend for the year ended 31 March 2018. In order to qualify for the proposed final dividend for the year ended 31 March 2018, 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 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

For the year ended 31 March 2018, the Group recorded a profit of HK$0.24 million as compared with a loss of HK$1.5 million for the previous year. The Group's total customer sales proceeds was HK$1,618.1 million, representing a decrease of 7.9% as compared with HK$1,757.1 million for the previous year. The total revenue for the year decreased to HK$325.3 million (2017: HK$344.2 million), representing a decrease of 5.5% from the previous year. The business performance of the Group continued to be adversely affected by the intensified competition from online travel agencies ("OTA") and booking websites. In the first half of the year, the business results were not satisfied and recorded a loss. Nevertheless, we strived to achieve a business improvement in the second half of the year by carrying out various measures, such as restructuring the sales management team, implementing cost controls initiatives, streamlining branch networks as well as improving product and service quality. All these measures resulted in a positive impact to the business performance.

During the year, the Group recorded a valuation gain of HK$5.0 million in our investment property. Excluding the revaluation gain of property and non-controlling interests, the loss for the year attributable to owners of the Company was HK$3.6 million (2017: profit attributable to owners of the Company of HK$8.9 million). Overall, the Group's profit for the year was HK$0.24 million, representing an increase of 116.0% from the loss of HK$1.5 million in the previous last year. Earnings per share attributable to owners of the Company for the year was HK0.3 cent (2017: loss per share of HK0.1 cent). The Board recommends the payment of a final dividend of HK2.0 cents (2017: HK2.0 cents) per ordinary share.

BUSINESS REVIEW

The Group's retail FIT (Free Independent Travellers) business is operated mainly through Travel Expert Limited（專業旅運有限公司）("Travel Expert"), which is the core focus of the Group. During the year, competition from OTA and booking websites continued to exert tremendous pressure on this business line. We strived to strengthen its competitiveness and improve the operation efficiency by restructuring the sales management team as well as closing underperforming branches and focusing resources on good potential branches.

Furthermore, we enhanced training programs to improve skills and product knowledge of travel consultants. We also introduced different incentive schemes to enhance staff morale and boost the sales. With these initiatives, the performance of this business line was improved in the second half of the year. In light of the huge pressure on product pricing caused by the competition from OTA and booking websites coupled with the changing market trend, we adjusted our business strategy and put efforts to explore market niches and enhance its market position through initiatives to respond to the growing demand for customized small group tours with tailor made itinerary. We allocated resources to set up a new private tour and MICE team to support the frontline travel consultants who would plan and manage tours for customers according to their preferences and styles. We will increase manpower of this team to strengthen its capacity and service standards. In addition, we are working on system enhancement aiming at simplifying and accelerating the frontline working process in order to provide better support to our frontline team.

The launch of the new online trading platform www.texpert.com and the mobile app in the second half of the year accomplished our goal of stepping into e-business. With a view to improve customer shopping experience and operational efficiency, we are working on the enhancement of performance and functionality of these online sales channel as well as improving product offerings. At the initial stage, we have not carried out proactive marketing campaigns and thus the contribution from online business is still minimal.

The Group's corporate business is operated mainly through Travel Expert Business Services Limited（專業旅運商務有限公司）. To achieve further business growth, this business line allocated resources to develop MICE (meeting, incentive, conference and exhibition) businesses for small and medium sized organizations like school tours in summer holiday and incentive trips for insurance agents. In the second half of the year, a new business unit using the profit sharing model was established in order to attract self-employed senior travel consultants to provide professional corporate travel services to customers. During the year, overall business growth of this business line achieved an improvement. The Group has taken 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") with focus on operating high-end long haul tours business. During the year, to strengthen its competitiveness and boost its sales, we restructured the management team and launched various promotion programs to boost the sales. We committed extra resources to enhancing its product offerings which had shown encouraging results in terms of significant increase in the number of passengers. The Group remains strong determination to develop this business.

During the year, the business of cruise holidays operated by Cruise Expert Limited（專業郵輪有限公司）continued to show an encouraging result that indicated an accelerating demand for cruise products which shall be a business growth area in the coming years. Therefore, the Group committed more resources to establishing new agency relationship with various cruises companies and organize more promotional programs for the cruise products.

The Group's wedding related business is conducted by Take My Hand Limited（緣動有限公司）. During the year, it recorded a stable business growth. The business line offers one-stop wedding services and products including wedding planning services, event management, overseas wedding and travelling arrangements. After moving to the Group's new headquarters in February 2018, the business has a more spacious and enhanced office environment that could support its future business growth. With a view to expanding the business, it continued to seek different business partners as well as solicit new overseas suppliers on wedding products. In addition, it put efforts to enrich its product and service offerings.

In addition to the ordinary travel business segment, our investment activities using the Group's surplus funds allocated under the approved investment cap are conducted by Travel Expert Asset Management Limited（專業旅運資產管理有限公司）("Travel Expert Asset Management"). The performance of this segment recorded a profit in the year. 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 2018, selling and distribution costs amounted to HK$196.0 million, representing a decrease of 6.7% from HK$210.0 million for the previous year. The selling and distribution costs accounted for 80.3% of the Group's total gross profit, having increased from 75.5% in the last year.

The decrease of selling and distribution cost was mainly due to reduction of frontline staff cost that was contributed by the reduction of frontline headcounts and less sales commission expenses and other staff costs. Also, there was a decrease of the total rental of retail premises due to less number of branches. During the year, we streamlined our branch network in order to enhance the operational efficiency. Besides, the Group carried out strict cost control measures and managed to maintain a reasonable selling and distribution costs level. Despite of the cost pressure, we will continue to maintain a widespread and effective sales network which is one of our key competitive advantages. We will put continuing efforts in exploring new sales channels as well. As at 31 March 2018, the Group operated a total of 46 retail shops in Hong Kong under the brand names of Travel Expert, Tailor Made Holidays Limited and Premium Holidays.

Administrative Expenses

For the year ended 31 March 2018, administrative expenses amounted to HK$72.6 million, representing an increase of 1.0% from HK$71.9 million for the last year. Administrative expenses accounted for 29.7% of the Group's total gross profit, which increased from 25.8% in the last year. The increase of the administrative expenses was mainly due to an impairment loss of HK$1.1 million on property, plant and equipment (2017: Nil) and partly due to the new headquarters setup cost by moving the Group's all separate back offices to one location in February 2018 aiming at improving internal communication and working efficiency.

Salaries for back office staff and the office rental accounted for the majority of the Group's administrative expenses. Currently, the Group has one back office location in Hong Kong and one in Shenzhen. With our efforts, excluding the expenses for the Hong Kong back office removal, the overall administrative expenses for the year was maintained at a similar level as the last year although we committed to allocating extra resources for the new business lines development and various IT projects as well as advancement of IT applications and infrastructure. In view of the increasing operating cost pressure, the Group will continue to adopt effective control measures 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$519,000, which was mainly related to the interest-bearing bank borrowing of mortgage loans for the Group's properties (2017: HK$515,000).

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 2018 remained healthy with net assets value of HK$160.6 million (as at 31 March 2017: HK$170.2 million). Including the time deposits over three months, the Group had total cash and cash equivalents of HK$126.0 million as at 31 March 2018 (as at 31 March 2017: HK$172.5 million). As at 31 March 2018, in addition to an investment property classified as asset held for sale with fair value at HK$56.0 million (as at 31 March 2017: HK$51.0 million), the Group held a portfolio of financial assets at fair value through profit or loss at around HK$12.3 million (as at 31 March 2017: HK$2.0 million).

As at 31 March 2018, the Group's current ratio (current assets divided by current liabilities) was 1.36 times compared with 1.19 times as at 31 March 2017. The gearing ratio (interest-bearing borrowings divided by total equity) was 13.5% as compared with 15.3% as at 31 March 2017. In view of the Group's cash flow status 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 2018.

Capital Commitments

As at 31 March 2018, the Group's commitments in respect of capital expenditure were contracted but not provided for the acquisition of property, plant and equipment of approximately HK$466,000 (as at 31 March 2017: HK$268,000).

Pledge of Assets

As at 31 March 2018, the Group had outstanding bank loans amounting in total of HK$21.7 million (as at 31 March 2017: HK$26.0 million) which were repayable on demand and secured by the Group's land and building and investment property classified as asset held for sale.

Foreign Exchange Risks and Treasury Policies

The Group has foreign currency exposures that mainly arise from the balance of assets and liabilities in currencies other than in Hong Kong dollar, the Group's functional currency. The Group's policy requires the management to monitor the Group's foreign exchange exposure by closely monitoring the movement of foreign currency rates. The management may purchase foreign currency at spot rate, when and where appropriate for the purpose of meeting the Group's future payment obligation in foreign currency. With the setup of Travel Expert Asset Management together with the extension of investment scope, the Group may use more financial tools such as foreign exchange forward contracts and currency futures etc. to manage the foreign exchange risks. For the year ended 31 March 2018, a net foreign exchange gain of approximately HK$1.6 million was recorded (2017: HK$762,000).

Human Resources and Employee's Remuneration

As at 31 March 2018, the Group had a total workforce of 501 (as at 31 March 2017: 588), of which about 65.9% were frontline staff. Employees' remuneration packages are determined with reference to the market information and individual performance and will be reviewed on a regular basis. Other benefits include contributions to mandatory provident fund and medical insurance coverage. In addition, the Group has adopted a Share Option Scheme 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 22 February 2018, the Company announced that on the same date, Smart Elite Investments Limited, an indirect wholly-owned subsidiary of the Company, entered into a legal binding provisional agreement for sale and purchase with an independent third party relating to the disposal of the property located at Shop D1 on Ground Floor, Fung Hing Building, Nos. 33-35 Yuen Long Hong Lok Road, 36, 40 and 42 Kau Yuk Road, Yuen Long, New Territories with existing tenancy at a consideration of HK$56,000,000. A formal sale and purchase agreement has been signed by the parties on 20 March 2018 and the completion of the said disposal will take place on 28 June 2018.

OUTLOOK

During the year, OTA and booking websites continue to promote their business through heavy advertising and low prices, which has marked a fundamental change in the travel industry and created a challenging operating environment for our retail FIT business under the brand of Travel Expert. In view of the intense market competition and continued pressure on profit margins, our top priority for the coming year is focusing on transformation of the business of Travel Expert from a travel package selling company to a trip planning service company while at the same time developing e-business.

We notice that nowadays more and more travelers prefer travelling experiences that lead to new interests, and exposure to different cultures, languages, and environments. They also enjoy the interaction and sharing with family members and friends during trips. Some of them even make the experience an annual tradition. To grasp the changing market trend, we have established a new private tour and MICE team during the year and will put resources to increase the manpower of this team for better frontline support and exploring direct business. We believe that the demand for customized small group tours with itinerary and various kinds of private group trips is increasing as its flexibility enables customers to enjoy a trip that designed to suit their unique needs. Leveraging on our extensive branch network and experienced frontline sales team, we are confident that our trip planning and management service will differentiate us from OTA, booking websites and other competitors. The Group has strong commitment to transforming our FIT business to this new direction though it will require extra resources and management support.

In respect of Premium Holidays, it is encouraging that the quality and routes of its tours were well received by customers and thus recorded a good sales growth. In the coming year, we will continue to improve its competitive position by expanding the tour routes and number of passengers. Also, we will launch a new back office and frontline incentive scheme to motivate its staff force on increasing the sales volume.

In order to seize the online business opportunity, the Group launched the online trading platform www.texpert.com and a mobile app during the second half of the year. We are working to enhance their performance and functionality. To increase long-term competitiveness, we will add user friendly functions and improve the product offerings. It is the Group’s strategy to broaden the customer base and increase sales volume through these e-business platforms.

In short, we expect that the year ahead will continue to be challenging. We are acting decisively to make all our business lines stronger and go further. We believe we are on track to achieve strong and sustainable long-term performance. Our commitment to providing customers with a one-stop travel solution remains unwavering.

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

During the year ended 31 March 2018, 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 2018, 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 2018.

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 2018.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement of the Group for the year ended 31 March 2018 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, 27 June 2018

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.