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 2019

FINANCIAL HIGHLIGHTS

- Total customer sales proceeds for the year was HK$1,415.7 million, representing a decrease of 12.5% from HK$1,618.1 million for the last year.
- Revenue for the year was HK$304.1 million, representing a decrease of 6.5% from HK$325.3 million for the last year.
- The loss for the year attributable to owners of the Company was HK$11.4 million (2018: profit attributable to owners of the Company of HK$1.4 million).
- Loss per share attributable to owners of the Company for the year was HK2.2 cents, (2018: earnings per share of HK0.3 cent).
- Final dividend of HK2.0 cents per ordinary share is proposed for the year ended 31 March 2019 (2018: 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 2019 together with comparative figures.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
Revenue	4	**304,131**	325,331
Cost of sales		**(91,502)**	(81,315)
Gross profit		**212,629**	244,016
Other income and gains	4	**14,883**	18,596
Changes in fair value of investment properties	10	**5,984**	5,000
Selling and distribution costs		**(170,658)**	(196,012)
Administrative expenses		**(75,292)**	(72,594)
Share of (losses)/profits of associates		**(254)**	1,351
(Loss)/gain on disposal of financial assets/liabilities at fair value through profit or loss		**(965)**	1,109
Fair value loss on financial assets/liabilities at fair value through profit or loss		**(18)**	(84)
(Loss)/profit from operations	5	**(13,691)**	1,382
Finance costs	6	**(172)**	(519)
(Loss)/profit before income tax		**(13,863)**	863
Income tax credit/(expense)	7	**219**	(626)
(Loss)/profit for the year		**(13,644)**	237
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of overseas subsidiaries		**(164)**	359
Item that will not be reclassified subsequently to profit or loss:			
Fair value adjustment upon transfer of property, plant and equipment to investment properties		**34,727**	–
Other comprehensive income for the year		**34,563**	359
Total comprehensive income for the year		**20,919**	596

	Notes	**2019**	2018
		HK$'000	*HK$'000*
(Loss)/profit for the year attributable to:			
Owners of the Company		**(11,402)**	1,396
Non-controlling interests		**(2,242)**	(1,159)
		(13,644)	237
Total comprehensive income for the year attributable to:			
Owners of the Company		**23,161**	1,755
Non-controlling interests		**(2,242)**	(1,159)
		20,919	596
(Loss)/earnings per share attributable to owners of the Company	*9*		
– Basic		**HK(2.2) cents**	HK0.3 cent
– Diluted		**N/A**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**23,042**	73,106
Investment properties	*10*	**88,800**	–
Goodwill		**–**	445
Interests in associates		**10,496**	10,782
Deposits	*12*	**7,598**	6,509
		129,936	90,842
Current assets			
Inventories		**3,716**	1,725
Trade receivables	*11*	**5,711**	7,339
Prepayments, deposits and other receivables	*12*	**30,046**	57,353
Amount due from an associate		**5,690**	1,591
Financial assets at fair value through profit or loss		**13,650**	12,260
Prepaid tax		**501**	2,519
Pledged deposits		**22,589**	1,347
Time deposits over three months		**30,000**	45,545
Cash and cash equivalents		**92,177**	80,467
		204,080	210,146
Asset classified as held for sale	*16*	**–**	56,000
		204,080	266,146
Current liabilities			
Trade payables	*13*	**89,114**	112,776
Accrued charges, deposits received and other payables		**32,155**	58,835
Contract liabilities		**33,809**	–
Financial liabilities at fair value through profit or loss		**60**	–
Amounts due to associates		**8,338**	2,221
Bank borrowings	*14*	**3,412**	21,705
Provision for tax		**474**	55
		167,362	195,592
Net current assets		**36,718**	70,554
Total assets less current liabilities		**166,654**	161,396

	Notes	**2019** *HK$'000*	2018 *HK$'000*
Non-current liabilities			
Deferred tax liabilities	*7*	**56**	843
Net assets		**166,598**	160,553
EQUITY			
Equity attributable to owners of the Company			
Share capital	*15*	**5,099**	5,136
Reserves		**162,635**	158,113
		167,734	163,249
Non-controlling interests		**(1,136)**	(2,696)
Total equity		**166,598**	160,553

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

For the year ended 31 March 2019

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, sales of package tours, property investment and investment in treasury activities.

2. BASIS OF PREPARATION

The consolidated financial statements for the year ended 31 March 2019 have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all 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 2018

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 2018.

Annual Improvements to HKFRSs 2014-2016 Cycle	Amendments to HKAS 28, Investments in Associates and Joint Ventures
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarifications to HKFRS 15)
Amendments to HKAS 40	Transfers of Investment Property
HK(IFRIC)–Int 22	Foreign Currency Transactions and Advance Consideration

A. 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.

The adoption of these amendments has no impact on these financial statements as the Group is not a venture capital organisation.

B. 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.

The adoption of these amendments has no impact on these financial statements as the Group does not have any cash-settled share-based payment transaction and has no share-based payment transaction with net settlement features for withholding tax.

C. HKFRS 9 – Financial Instruments

HKFRS 9 replaces HKAS 39 Financial Instruments: Recognition and Measurement ("HKAS 39") for annual periods beginning on or after 1 April 2018, bringing together all three aspects of the accounting for financial instruments: (1) classification and measurement; (2) impairment; and (3) hedge accounting. The adoption of HKFRS 9 from 1 April 2018 has resulted in changes in accounting policies of the Group. However, it does not have significant impact on the classification and the amounts of financial instruments recognised in the consolidated financial statements.

(i) Classification and measurement of financial instruments

HKFRS 9 basically retains the existing requirements in HKAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous HKAS 39 categories for financial assets of held to maturity financial assets, loans and receivables and available-for-sale financial assets. The adoption of HKFRS 9 has no material impact on the Group's accounting policies related to financial liabilities. The impact of HKFRS 9 on the Group's classification and measurement of financial assets is set out below.

Under HKFRS 9, except for certain trade receivables (that the trade receivables do not contain a significant financing component in accordance with HKFRS 15), an entity shall, at initial recognition, measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), transaction costs. A financial asset is classified as: (i) financial assets at amortised cost ("amortised costs"); (ii) financial assets at fair value through other comprehensive income ("FVOCI"); or (iii) FVTPL (as defined in above). The classification of financial assets under HKFRS 9 is generally based on two criteria: (i) the business model under which the financial asset is managed and (ii) its contractual cash flow characteristics (the "solely payments of principal and interest" criterion, also known as "SPPI criterion"). Under HKFRS 9, embedded derivatives is no longer required to be separated from a host financial asset. Instead, the hybrid financial instrument is assessed as a whole for the classification.

A financial asset is measured at amortised cost if it meets both of the following conditions are met and it has not been designated as at FVTPL:

- It is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

A debt investment is measured at FVOCI if it meets both of the following conditions and it has not been designated as at FVTPL:

- It is held within a business model whose objective is to achieved by both collecting contractual cash flows and selling financial assets; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

The following accounting policies would be applied to the Group's financial assets as follows:

Amortised cost	Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.
FVOCI (debt instruments)	Debt investments at fair value through other comprehensive income are subsequently measured at fair value. Interest income calculated using the effective interest rate method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.
FVOCI (equity instruments)	Equity investments at fair value through other comprehensive income are measured at fair value. Dividend income is recognised in profit or loss unless the dividend income clearly represents a recovery of part of the cost of the investments. Other net gains and losses are recognised in other comprehensive income and are not reclassified to profit or loss.
FVTPL	FVTPL is subsequently measured at fair value. Changes in fair value, dividends and interest income are recognised in profit or loss.

The following table summarises the original measurement categories under HKAS 39 and the new measurement categories under HKFRS 9 for each class of the Group's financial assets as at 1 April 2018:

Financial assets	**Original classification under HKAS 39**	**New classification under HKFRS 9**	**Carrying amount as at 1 April 2018 under HKAS 39** *HK$000*	**Carrying amount as at 1 April 2018 under HKFRS 9** *HK$000*
Financial assets at fair value through profit or loss	FVTPL	FVTPL	12,260	12,260
Trade receivables	Loans and receivables	Amortised cost	7,339	7,339
Other receivables	Loans and receivables	Amortised cost	30,898	30,898
Amount due from an associate	Loans and receivables	Amortised cost	1,591	1,591
Pledged deposits	Loans and receivables	Amortised cost	1,347	1,347
Time deposits over three months	Loans and receivables	Amortised cost	45,545	45,545
Cash and cash equivalents	Loans and receivables	Amortised cost	80,467	80,467

The adoption of HKFRS 9 did not have a significant impact on the classification and measurement of the Group's financial assets. Trade receivables, other receivables as well as amount due from an associate are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Group analysed the contractual cash flow characteristics of those instruments and concluded that they meet the criteria for amortised cost measurement under HKFRS 9. Therefore, reclassification for these instruments is not required. These financial assets continue to be measured at amortised cost and are subsequently measured using effective interest rate method. There is no impact on Group's accounting for financial liabilities, as the new requirement under HKFRS 9 only affect the accounting for financial liabilities that are designated at FVTPL of which the Group does not have any.

(ii) Impairment of financial assets

The adoption of HKFRS 9 has changed the Group's impairment model by replacing the HKAS 39 "incurred loss model" to the "expected credit losses ("ECLs") model". HKFRS 9 requires the Group to recognised ECLs for trade receivables, financial assets at amortised costs, contract assets and debt investment at FVOCI earlier than HKAS 39. Cash and cash equivalents are subject to ECLs model but the impairment is immaterial for the current period.

Under HKFRS 9, the losses allowances are measured on either of the following bases: (1) 12-month ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Measurement of ECLs

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group has elected to measure loss allowances for trade receivables using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets, the ECLs are based on the 12-month ECLs. The 12-month ECLs is the portion of the lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when: (1) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (2) the financial asset is more than 90 days past due.

The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

Presentation of ECLs

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt investment at FVOCI, the loss allowance is recognised in other comprehensive income, instead of reducing the carrying amount of the assets.

(a) Impairment of trade receivables

As mentioned above, the Group applies the HKFRS 9 simplified approach to measure ECLs which adopts a life time ECLs for all trade receivables. To measure the ECLs, trade receivables have been grouped based on shared credit risk characteristics and the days past due. For the adoption of HKFRS 9, the Group's management has performed detailed assessment on any ECLs to be further recognised on 1 April 2018 and for the year ended 31 March 2019, it is considered the impact is immaterial to the Group.

(b) Impairment of other receivables

Other financial assets at amortised cost of the Group include deposits, other receivables, amount due from an associate, pledged deposits, time deposits over three months and cash and cash equivalent. For the adoption of HKFRS 9, there is no significant ECLs to be further recognised on 1 April 2018 and for the year ended 31 March 2019.

(iii) Hedge accounting

Hedge accounting under HKFRS 9 has no impact on the Group as the Group does not apply hedge accounting in its hedging relationships.

(iv) Transition

The Group has applied the transitional provision in HKFRS 9 such that HKFRS 9 was generally adopted without restating comparative information. The reclassifications and the adjustments arising from the new ECLs rules are therefore not reflected in the statement of financial position as at 31 March 2018, but are recognised in the statement of financial position on 1 April 2018. Based on the management's assessment, there was no material differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of HKFRS 9 are recognised in retained earnings and reserves as at 1 April 2018.

The determination of the business model within which a financial asset is held have been made on the basis of the facts and circumstances that existed at the date of initial application of HKFRS 9 (the "DIA"). If an investment in a debt investment had low credit risk at the DIA, then the Group has assumed that the credit risk on the asset had not increased significantly since its initial recognition.

D. HKFRS 15 – Revenue from Contracts with Customers

HKFRS 15 supersedes HKAS 11 Construction Contracts, HKAS 18 Revenue and related interpretations. HKFRS 15 has established a five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at the amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Group has adopted HKFRS 15 using the cumulative effect method without practical expedients. The adoption of HKFRS 15 has no material impact on the opening balances of retained earnings and non-controlling interests.

The details of the nature and effect of the changes on application of HKFRS 15 are set out below:

Timing of revenue recognition

Previously, income from sales of package tours is recognised when the services are rendered by the Group as a principal on a gross basis. Service income is recognised upon services in respect of the sales of air tickets, hotel accommodation and other travel/wedding related products are provided by the Group as an agent on a net basis.

Under HKFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. This may be at a single point in time or over a period of time. HKFRS 15 identifies the following three situations in which control of the promised good or service is regarded as being transferred over time:

- When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;

- When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced; or

- When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under HKFRS 15 the entity recognises revenue for the sale of that good or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that is considered in determining when the transfer of control occurs.

The adoption of HKFRS 15 does not have a significant impact on when the Group recognises revenue from package tours and services in respect of the sales of air tickets, hotel accommodation and other travel/wedding related products.

Based on the management's assessment, revenue from package tours is recognised over time as the customer simultaneously receives and consumes all of the benefit provided by the Group's performance as the Group performs. This means that if another travel agent was to take over providing the remaining performance obligation to the customer, it would not have to substantially re-perform the work already completed by the Group.

Also, in respect of transactions where the related consideration is concluded to be recognised as revenue over time, the Group has determined that an input method is an appropriate method to measure the Group's progress towards complete satisfaction of a performance obligation satisfied over time.

Revenue from services in respect of sales of air tickets, hotel accommodation and other travel/wedding related products are recognised at a point in time when the booking services or tickets are delivered to and have been accepted by the customers.

Principal versus agent considerations

HKFRS 15 requires an entity to determine whether it is the principal in the transaction or the agent on the basis of whether it controls the goods or services before they are transferred to the customer. Prior to the adoption of HKFRS 15, based on the existence of credit risks and other factors, the Group concluded that they have an exposure to the significant risks and rewards associated with certain sale arrangements to their customers, and accounted for the contracts, such as sales of package tours, as if they were acting as a principal. In applying the new guidance, the Group determined that it controls the goods or services before they are transferring to customers, and hence, is a principal in these contracts. Similarly, the Group has reassessed the principal and agent relationship for the sales of air tickets, hotel accommodation and other travel/wedding related products and services of which revenue was recognised on net basis as the Group acted as an agent prior to the adoption of HKFRS 15. The Group determined that they continue acting as an agent for these transactions and recognises the revenue on net basis. The Group concluded that the adoption of HKFRS 15 has no material changes on the consolidated financial statements as at 1 April 2018 and 31 March 2019 in this respect.

Presentation of contract liabilities

Under HKFRS 15, a contract liability, rather than a payable, is recognised when a customer pays consideration, or is contractually required to pay consideration and the amount is already due, before the Group recognises the related revenue. For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis. Previously, contract balances relating to "deposits received" were presented in the consolidated statement of financial position under "Accrued charges, deposits received and other payables". To reflect these changes in presentation, the Group has made the reclassification adjustment as at 1 April 2018. As a result of the adoption of HKFRS 15, the amount of approximately HK$27,430,000 included in "Accrued charges, deposits received and other payables – Deposits received" as at 1 April 2018 is now classified as contract liabilities.

The following tables summarised the impact of transition to HKFRS 15 on the Group's consolidated statement of financial position as at 1 April 2018.

	Carrying amount under HKAS 18 *HK$'000*	**Increase/ (decrease)** *HK$'000*	**Carrying amount under HKFRS 15** *HK$'000*
Liabilities			
Accrued charges, deposits received and other payables	58,835	(27,430)	31,405
Contract liabilities	–	27,430	27,430
Total current liabilities	195,592	–	195,592
Total liabilities	196,435	–	196,435
Total equity and liabilities	356,988	–	356,988

The following table summarised the impact of adopting HKFRS 15 on the Group's consolidated statement of financial position as at 31 March 2019. There was no material impact on the Group's and its consolidated statement of comprehensive income and consolidated statement of cash flows for the year ended 31 March 2019.

Impact on the consolidated statement of financial position as of 31 March 2019

	Carrying amount under HKAS 18	**Increase/ (decrease)**	**Carrying amount under HKFRS 15**
	HK$'000	*HK$'000*	*HK$'000*
Liabilities			
Accrued charges, deposits received and other payables	65,964	(33,809)	32,155
Contract liabilities	–	33,809	33,809
Total current liabilities	167,362	–	167,362
Total liabilities	167,418	–	167,418
Total equity and liabilities	334,016	–	334,016

E. 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 adoption of these amendments has no impact on these financial statements as the Group had not previously adopted HKFRS 15 and took up the clarifications in this, its first, year.

F. Amendments to HKAS 40 – Transfers of Investment Property

The amendments clarify that to transfer to or from investment properties there must be a change in use and provides guidance on making this determination. The clarification states that a change of use will occur when a property meets, or ceases to meet, the definition of investment property and there is supporting evidence that a change has occurred.

The amendments also re-characterise the list of evidence in the standard as a non-exhaustive list, thereby allowing for other forms of evidence to support a transfer.

The adoption of these amendments has no impact on these financial statements as the clarified treatment is consistent with the manner in which the Group has previously assessed transfers.

G. 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 interpretation 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.

The adoption of these amendments has no impact on these financial statements as the Group has not paid or received advance consideration in a foreign currency.

(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. The Group's current intention is to apply these changes on the date they become effective.

HKFRS 16	Leases[1]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments[1]
Amendments to HKAS 1 and HKAS 8	Definition of Material[2]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[1]
Amendments to HKFRS 3	Definition of a Business[2]
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKFRS 3, Business Combination[1]
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKAS 12, Income Taxes[1]
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKAS 23, Borrowing Costs[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]

[1] Effective for annual periods beginning on or after 1 January 2019
[2] Effective for annual periods beginning on or after 1 January 2020
[3] The amendments were originally intended to be effective for periods beginning on or after 1 January 2017. The effective date has now been deferred/removed. Early application of the amendments of the amendments continue to be permitted.

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 2019, the Group has non-cancellable operating lease commitments of approximately HK$48,197,000. 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.

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 HKAS 1 and HKAS 8 – Definition of Material

The amendments clarify the definition of material and align the definition used across the HKFRSs. Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. Materiality depends on the nature or magnitude of information, or both. An entity assesses whether information, either individually or in combination with other information, is material in the context of its financial statements taken as a whole.

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.

Amendments to HKAS 28 – Long-term Interests in Associates and Joint Ventures

The amendment clarifies that HKFRS 9 applies to long-term interests ("LTI") in associates or joint ventures which form part of the net investment in the associates or joint ventures and stipulates that HKFRS 9 is applied to these LTI before the impairment losses guidance within HKAS 28.

Amendments to HKFRS 3 – Definition of a Business

The amendments clarify the definition of a business, with the objective of assisting entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. An entity shall apply these amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020 and to asset acquisitions that occur on or after the beginning of that period.

Annual Improvements to HKFRSs 2015-2017 Cycle – Amendments to HKFRS 3, Business Combinations

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKFRS 3 which clarifies that when a joint operator of a business obtains control over a joint operation, this is a business combination achieved in stages and the previously held equity interest should therefore be re-measured to its acquisition date fair value.

Annual Improvements to HKFRSs 2015-2017 Cycle – Amendments to HKAS 12, Income Taxes

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 12 which clarify that all income tax consequences of dividends are recognised consistently with the transactions that generated the distributable profits, either in profit or loss, other comprehensive income or directly in equity.

Annual Improvements to HKFRSs 2015-2017 Cycle – Amendments to HKAS 23, Borrowing Costs

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 23 which clarifies that a borrowing made specifically to obtain a qualifying asset which remains outstanding after the related qualifying asset is ready for its intended use or sale would become part of the funds an entity borrows generally and therefore included in the general pool.

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 above, 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.

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

The Group's principal activities are provision of services relating to sales of air-tickets, hotel accommodation and other travel/wedding related products, sales 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:

	2019	2018
	HK$'000	*HK$'000*
Revenue from contracts with customers within the scope of HKFRS 15:		
Provision of services relating to sales of travel/wedding related products *(note)*	**191,369**	218,315
Sales of package tours *(note)*	**112,347**	105,796
	303,716	324,111
Revenue from other source		
Rental income from investment properties	**415**	1,220
	304,131	325,331
Other income and gains		
Interest income on deposits in banks and financial institutions stated at amortised cost	**1,761**	1,346
Interest income on debt securities	**406**	305
Dividend income from listed securities	**119**	124
Exchange gains	**–**	1,577
Rental income from an associate and a third party	**1,420**	120
Sundry income	**11,177**	15,124
	14,883	18,596
Total revenue, other income and gains	**319,014**	343,927

Note:

	2019	2018
	HK$'000	*HK$'000*
Gross sales proceeds related to provision of services relating to sales of travel/wedding related products*	**1,303,337**	1,512,337
Sales of package tours	**112,347**	105,796
Total customer sales proceeds	**1,415,684**	1,618,133

* *The Group's gross sales proceeds from provision of services relating to 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 properties		Treasury activities		Total	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue								
From external customers	**303,716**	324,111	**415**	1,220	**–**	–	**304,131**	325,331
Reportable segment revenue	**303,716**	324,111	**415**	1,220	**–**	–	**304,131**	325,331
Reportable segment (loss)/profit	**(8,688)**	(5,761)	**3,358**	5,690	**(2,748)**	997	**(8,078)**	926
Interest income	**1,771**	1,329	**–**	–	**396**	322	**2,167**	1,651
Changes in fair value of investment properties	**–**	–	**5,984**	5,000	**–**	–	**5,984**	5,000
Finance cost	**–**	(220)	**(172)**	(299)	–	**–**	**(172)**	(519)
Dividend income	**–**	–	**–**	–	**119**	124	**119**	124
Depreciation	**(4,376)**	(8,451)	**(1,370)**	(1)	**–**	–	**(5,746)**	(8,452)
Impairment loss on property, plant and equipment	**(240)**	(1,144)	**–**	–	**–**	–	**(240)**	(1,144)
Impairment loss on goodwill	**(445)**	–	**–**	–	**–**	–	**(445)**	–
Written off of deposits paid	**–**	(64)	**–**	–	**–**	–	**–**	(64)
(Loss)/gain on disposal of financial assets/liabilities at fair value through profit or loss	**–**	–	**–**	–	**(965)**	1,109	**(965)**	1,109
Fair value loss on financial assets/liabilities at fair value through profit or loss	**–**	–	**–**	–	**(18)**	(84)	**(18)**	(84)
Gain on deregistration of a subsidiary	**214**	–	**–**	–	**–**	–	**214**	–
Share of loss of an associate	**(114)**	(198)	**–**	–	**–**	–	**(114)**	(198)
Reportable segment assets	**188,409**	246,971	**107,459**	56,064	**21,538**	38,842	**317,406**	341,877
Additions to non-current segment assets during the year	**3,408**	7,988	**74**	6	**–**	–	**3,482**	7,994
Reportable segment liabilities	**158,392**	180,429	**6,843**	12,969	**94**	33	**165,329**	193,431

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:

	2019	2018
	HK$'000	*HK$'000*
Reportable segment revenue	**304,131**	325,331
Group revenue	**304,131**	325,331
Reportable segment (loss)/profit	**(8,078)**	926
Share of (losses)/profits of associates	**(140)**	1,549
Other corporate expenses	**(5,645)**	(1,612)
(Loss)/profit before income tax	**(13,863)**	863
Reportable segment assets	**317,406**	341,877
Other corporate assets	**16,610**	15,111
Group assets	**334,016**	356,988
Reportable segment liabilities	**165,329**	193,431
Other corporate liabilities	**2,089**	3,004
Group liabilities	**167,418**	196,435

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**	
	2019	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong (domicile)	**304,054**	325,242	**128,730**	89,480
The PRC excluding Hong Kong	**77**	89	**1,206**	1,362
	304,131	325,331	**129,936**	90,842

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 2018 and 2019.

5. (LOSS)/PROFIT FROM OPERATIONS

	2019	2018
	HK$'000	*HK$'000*
(Loss)/profit from operations is arrived at after charging/(crediting):		
Depreciation of property, plant and equipment*	**5,758**	8,468
Loss on disposal of property, plant and equipment	**93**	59
Impairment loss on property, plant and equipment	**331**	1,144
Written off of deposits paid	**–**	64
Changes in fair value of investment properties *(note 10)*	**(5,984)**	(5,000)
Impairment loss on goodwill	**445**	–
Net foreign exchange loss/(gain)	**71**	(1,577)
Gain on deregistration of a subsidiary	**(214)**	–
Direct operating expenses arising from investment properties that did not generate rental income during the year	**171**	–
Operating leases in respect of leasehold premises:		
– Minimum leases payments	**40,570**	43,854
– Contingent rents**	**6**	25
	40,576	43,879
Operating leases in respect of office equipment	**1,872**	2,419
Staff costs (excluding directors' remuneration):		
– Salaries	**134,323**	143,327
– Retirement scheme contribution	**5,601**	6,218
	139,924	149,545

* *Depreciation expenses have been included in:*

- *selling and distribution costs of approximately HK$1,502,000 for the year (2018: HK$3,110,000); and*
- *administrative expenses of approximately HK$4,256,000 for the year (2018: HK$5,358,000).*

** *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

	2019	2018
	HK$'000	*HK$'000*
Interest on bank borrowings	**172**	519

7. INCOME TAX (CREDIT)/EXPENSE AND DEFERRED TAX

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

	2019	2018
	HK$'000	*HK$'000*
Current tax – Hong Kong		
– Tax for the year	**568**	344
– Under provision in respect of prior years	**–**	236
	568	580
Deferred tax *(note)*	**(787)**	46
	(219)	626

Hong Kong profits tax is calculated at 16.5% on the estimated assessable profits for the year ended 31 March 2018; and at 8.25% on the first HK$2 million of estimated assessable profits and at 16.5% for the portion of the estimated assessable profits above HK$2 million for the year ended 31 March 2019.

Subsidiaries of the Company established in the PRC are subjected to PRC enterprise income tax at 25%. No PRC enterprise income tax has been provided as the Group did not generate any assessable profits in the PRC during the years ended 31 March 2018 and 2019.

Note:

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

	Accelerated tax depreciation
	HK$'000
At 1 April 2017	797
Charged to profit or loss for the year	46
At 31 March 2018 and 1 April 2018	843
Credited to profit or loss for the year	(787)
At 31 March 2019	56

As at 31 March 2019, the Group has estimated unused tax losses of approximately HK$50,035,000 (2018: HK$30,477,000) 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$49,447,000 (2018: HK$28,755,000) have no expiry date and HK$588,000 (2018: HK$1,722,000) are subject to expiry period of five years.

8. DIVIDENDS

	2019	2018
	HK$'000	*HK$'000*
Proposed final dividend	**10,197**	10,272

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

	2019	2018
	HK$'000	*HK$'000*
Final dividend proposed in the previous year	**10,272**	10,272

The directors recommend a final dividend of HK2.0 cents (2018: HK2.0 cents) per ordinary share for the year ended 31 March 2019, amounting to approximately HK$10,197,000 (2018: 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. (LOSS)/EARNINGS PER SHARE

The calculation of basic loss per share is based on the loss for the year attributable to owners of the Company of approximately HK$11,402,000 (2018: basic earnings per share is based on the profit for the year attributable to owners of the Company of approximately HK$1,396,000) and 509,931,000 (2018: 513,579,000) weighted average number of ordinary shares in issue during the year.

No diluted (loss)/earnings per share is presented for the years ended 31 March 2018 and 2019 as there was no potential ordinary share during the years.

10. INVESTMENT PROPERTIES

	2019	2018
	HK$'000	*HK$'000*
At beginning of the year	**–**	51,000
Transfer from property, plant and equipment	**80,600**	–
Additions	**2,216**	–
Changes in fair value of investment properties *(note 5)*	**5,984**	5,000
Classified as asset held for sale *(note 16)*	**–**	(56,000)
At end of the year	**88,800**	–

The investment properties represent property interests held under operating leases to earn rentals or for capital appreciation purposes.

Notes:

(a) During the year ended 31 March 2019, the Group reclassified certain formerly self-occupied commercial and industrial properties in Hong Kong previously classified as land and buildings under property, plant and equipment as investment properties upon end of owner-occupation. The investment properties were situated in Hong Kong. The carrying amount of these units on the date of reclassification amounted to HK$45,873,000 and the Group recognised a fair value gain of HK$34,727,000 on the date of reclassification. The fair value gain amounting to approximately HK$34,727,000 was recognised in asset revaluation reserve in equity.

(b) The investment property was 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.

(c) The fair value of the Group's investment properties as at 31 March 2019 and asset held for sale as at 31 March 2018 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, is as follows:

	2019	2018
	HK$'000	*HK$'000*
0 – 30 days	**3,931**	4,526
31– 90 days	**1,524**	2,558
Over 90 days	**256**	255
	5,711	7,339

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

	2019	2018
	HK$'000	*HK$'000*
Prepayments	**6,929**	9,553
Deposits	**15,934**	23,018
Other receivables	**14,781**	29,187
Amount due from an non-controlling interest *(note)*	**–**	2,104
	37,644	63,862
Classified as:		
Non-current assets	**7,598**	6,509
Current assets	**30,046**	57,353
	37,644	63,862

Note: The amount due from an non-controlling interest, representing capital injection receivable from the non-controlling interest of TE Nice Tour (Shenzhen) Limited, was 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:

	2019	2018
	HK$'000	*HK$'000*
0 – 30 days	**61,305**	76,764
31– 90 days	**18,231**	23,721
Over 90 days	**9,578**	12,291
	89,114	112,776

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

	2019	2018
	HK$'000	*HK$'000*
Secured bank borrowings		
Portion due for repayment within one year	**486**	3,572
Portion due for repayment after one year which contains a repayable on demand clause	**2,926**	18,133
	3,412	21,705

The Group's interest-bearing bank borrowing of approximately HK$3,412,000 (2018: HK$3,888,000) bears interest at a floating rate of 2.15% per annum below HK$ prime and interest-bearing bank borrowing of Nil (2018: approximately HK$5,272,000) bears interest at a floating rate of 1.60% per annum over HIBOR with capped rate of 2.90% per annum below HK$ prime are secured by the Group's land and buildings of approximately HK$17,708,000 (2018: land and buildings of approximately HK$65,028,000) and investment property of approximately HK$8,800,000 as at 31 March 2019.

The Group's interest-bearing bank borrowing of approximately HK$12,545,000 bears interest at a floating rate of 2.85% per annum below HK$ prime and was secured by the Group's asset classified as held for sale of approximately HK$56,000,000 as at 31 March 2018.

The current liabilities include bank borrowings of approximately HK$2,926,000 (2018: HK$18,133,000) 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 '000	Amount HK$'000
Authorised:		
Ordinary shares of HK$0.01 each		
At 1 April 2017, 31 March 2018, 1 April 2018 and 31 March 2019	**2,000,000**	**20,000**
Issued and fully paid:		
Ordinary shares of HK$0.01 each		
At 1 April 2017, 31 March 2018 and 1 April 2018	513,579	5,136
Repurchase of the Company's own shares	(3,720)	(37)
At 31 March 2019	**509,859**	**5,099**

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 as at 31 March 2018. The transaction was completed during the year ended 31 March 2019.

The Group's asset classified as held for sale was 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 2019 (2018: HK2.0 cents) to shareholders whose names appear on the register of members of the Company at the close of business on 28 August 2019. 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 6 September 2019.

CLOSURE OF REGISTER OF MEMBERS FOR AGM

The register of members of the Company will be closed from 13 August 2019 to 16 August 2019, both days inclusive, for the purpose of determining the entitlement to attend and vote at the AGM scheduled to be held on 16 August 2019. 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, Hong Kong (as from 11 July 2019, Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong) not later than 4:30 p.m. on 12 August 2019.

CLOSURE OF REGISTER OF MEMBERS FOR DIVIDEND

The register of members of the Company will be closed from 26 August 2019 to 28 August 2019, both days inclusive, for the purpose of determining the entitlement to the proposed final dividend for the year ended 31 March 2019. In order to qualify for the proposed final dividend for the year ended 31 March 2019, 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, Hong Kong (as from 11 July 2019, Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong) not later than 4:30 p.m. on 23 August 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

For the year ended 31 March 2019, as indicated in the profit warning announcement issued by the Company on 27 March 2019, the results for the year declined significantly as compared to the previous year mainly due to the decrease in the revenue caused by unfavourable market conditions and intense competition. For the year under review, the Group recorded a loss of HK$13.6 million as compared with a profit of HK$0.24 million for the previous year. The Group's total customer sales proceeds was HK$1,415.7 million, representing a decrease of 12.5% as compared with HK$1,618.1 million for the previous year. The total revenue for the year decreased to HK$304.1 million (2018: HK$325.3 million), representing a decrease of 6.5% over the previous year.

During the year, the Group recorded a valuation gain of HK$6.0 million in our investment properties. Excluding the property valuation gain and non-controlling interests, the loss for the year attributable to owners of the Company was HK$17.4 million (2018: HK$3.6 million). Overall, the Group's loss for the year was HK$13.6 million, representing a decrease of bottom line from the profit of HK$0.24 million for the previous year. Loss per share attributable to owners of the Company for the year was HK2.2 cents (2018: Earnings per share of HK0.3 cent). The Board recommends the payment of a final dividend of HK2.0 cents (2018: HK2.0 cents) per ordinary share.

BUSINESS REVIEW

The Group's retail FIT (free independent travel) 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, continuous keen competition from online travel agencies ("OTA"), booking platforms of hotels and budget airlines significantly impacted the performance of this business line. Facing the increasingly difficult operating environment in recent years, we implemented various measures to reduce operation cost and enhance efficiency, which including implementing stringent cost control measures, rationalizing the branch network and restructuring frontline and back office management teams. In today's highly competitive travel industry, we continued to focus on improvement of customer experience by providing personalized services such as advices on trip planning and management. Besides, we enhanced training programs to better equip our frontline sales team and restructured the incentive program to improve their motivation.

Furthermore, we allocated extra resources and manpower to strengthen the private tour team. With the set-up of this team, we aimed at providing customers with professional standard of travel services in the way that consumers are able to enjoy quality service. This team also provided support to the frontline sales in trip planning and management. It organized customized small group tours, study tours and MICE tours. It strengthened our FIT business by catering for the individual needs of customers with more flexible itinerary as well as enabled us to transform our FIT business to trip planning and management for small group tours with personalized services.

The online trading platform www.texpert.com and mobile app were launched to cater for the changing demands in the market and preferences of customers. Facing cut-throat competition in the market, the profit margin for online business was in fact rather low and even negative margin. Therefore, we decided to slow down the investment on the online sales channels and just maintained a very basic operation scale. The Group shifted the resources towards digital marketing, which provided support to the core FIT business of Travel Expert and tour business of Premium Holidays Limited.

During the year, to improve business management efficiency, we undertook steps to simplify the organizational structure of various business lines. The Group's corporate business previously operated by Travel Expert Business Services Limited（專業旅運商務有限公司）and cruise holidays previously operated by Cruise Expert Limited（專業郵輪有限公司）have been merged into one single legal entity of Travel Expert Limited. Under the new operation structure, we continued to maintain our service level to the respective customers. The wedding related business previously operated by Take My hand Limited（緣動有限公司）has also been merged into Travel Expert Limited. However, since the operating environment of wedding business was very challenging, its business operation has been scaled down.

The Group's tour operation is operated 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, we allocated resources to expand the business scale. With the Group's ongoing efforts in enriching tour routes, themes and features of the package tours as well as continued efforts in enhancing branding and marketing initiatives, this business line achieved a very promising growth. It continued to record encouraging results in terms of significant increase in the number of passengers and departure tours.

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 loss in the year due to market volatility. 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 2019, selling and distribution costs amounted to HK$170.7 million, representing a decrease of 12.9% from HK$196.0 million for the previous year. The selling and distribution costs accounted for 80.3% of the Group's total gross profit, having maintained at the similar level as last year.

The decrease of selling and distribution costs 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 moderate decrease of the average rental of retail premises. 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. As at 31 March 2019, the Group operated a total of 37 retail shops in Hong Kong under the brand names of Travel Expert and Premium Holidays.

Administrative Expenses

For the year ended 31 March 2019, administrative expenses amounted to HK$75.3 million, representing an increase of 3.7% from HK$72.6 million for the last year. Administrative expenses accounted for 35.4% of the Group's total gross profit, which increased from 29.7% in the last year. The increase was mainly due to the increased rental expenses for the new headquarters.

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, we managed to control the overall administrative expenses at a reasonable level although we committed to allocating extra resources for the new business 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 streamlining existing working process.

Finance Cost

Finance cost of the Group for the year was HK$172,000, which was mainly related to the interest-bearing bank borrowing of mortgage loans for the Group's properties (2018: HK$519,000).

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 2019 remained healthy with net assets value of HK$166.6 million (as at 31 March 2018: HK$160.6 million). Including the time deposits over three months, the Group had total cash and cash equivalents of HK$122.2 million as at 31 March 2019 (as at 31 March 2018: HK$126.0 million). As at 31 March 2019, in addition to investment properties of HK$88.8 million (as at 31 March 2018: investment property – asset classified as held for sale: HK$56.0 million), the Group held a portfolio of financial assets at fair value through profit or loss at around HK$13.7 million (as at 31 March 2018: HK$12.3 million).

As at 31 March 2019, the Group's current ratio (current assets divided by current liabilities) was 1.22 times compared with 1.36 times as at 31 March 2018. The gearing ratio (interest-bearing borrowings divided by total equity) was 2.0% as compared with 13.5% as at 31 March 2018. 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 2019.

Capital Commitments

As at 31 March 2019, 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$176,000 (as at 31 March 2018: HK$466,000).

Pledge of Assets

As at 31 March 2019, the Group had outstanding bank loans amounting in total of HK$3.4 million (as at 31 March 2018: HK$21.7 million) which were repayable on demand and secured by the Group's land and buildings and an investment property (as at 31 March 2018: land and buildings and an investment property classified as asset 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 2019, a net foreign exchange loss of approximately HK$71,000 was recorded (2018: exchange gain of approximately HK$1.6 million).

Human Resources and Employee's Remuneration

As at 31 March 2019, the Group had a total workforce of 440 (as at 31 March 2018: 501), of which about 61.6% 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

There was no important event affecting the Company and its subsidiaries which has occurred since the year ended 31 March 2019.

OUTLOOK

Facing the intensified competition and rapid change in the market condition, the Group will focus resources on promoting our two major business lines, Travel Expert and Premium Holidays.

In respect of Travel Expert, the Group will devote continuous efforts to optimize its branch network by closing down shops with low efficiency and enhancing overall efficiency and cost-effectiveness, so as to accomplish effective cost control and overcome market challenges. We believe that enhancement of its services to the professional standard would enable it to secure a reasonable return. Therefore, we will continue to commit substantial resources to transforming the business of Travel Expert from a FIT travel package selling company to a trip planning and tour service company. To cater for the changing customer preferences and needs as well as the market's increasing demand for customized itinerary and study tours, we will continue to invest in the expansion of the private tour and MICE team to strengthen its business development. Our continuous commitment in achieving service excellence will help us to strengthen its competitiveness.

To cope with the problem of labour shortage due to low unemployment rate in Hong Kong, we will invest resources to set up a call center with necessary technical infrastructure and video conferencing facilities to provide more flexible services to customers. Besides, this initiative enables the Group to maximize the use of manpower and facilitate a more efficient and effective use of branch network resources.

In respect of Premium Holidays, the encouraging result of this business line in the year indicated that it has a high potential for growth. Therefore, the Group will allocate considerable resources to promote its brand and quality of service. We are committed to diversifying travel routes with different themes and features and enriching product offerings in the coming years, thereby providing customers with more enjoyable journey and enhanced travel experience. To strengthen the interactions with customers, Premium Holidays will continue to hold travel talks to share with customers about information and knowledge of selected destinations. This inter-active customer experience will on the one hand enabled us to keep track of the latest market needs, while on the other hand enabled us to strengthen customer purchasing intentions.

In short, albeit many uncertainties arising from the volatile status of Sino-US trade disputes and slowdown in global economic growth, the Group will adopt responsive measures to overcome the unfavorable factors and strive to deliver sustainable value and returns to shareholders. Furthermore, leveraging on our extensive branch network and experienced management team, we are confident that we will be able to capture market potentials and tackle future challenges.

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

During the year ended 31 March 2019, the Company repurchased a total of 3,720,000 shares of the Company at an aggregate consideration of HK$2,149,850 (before expenses) on the Stock Exchange. All the repurchased shares were subsequently cancelled.

Particulars of the repurchase during the year are as follows:

Months of share repurchase	**Number of Shares repurchased**	**Highest price paid per Share**	**Lowest price paid per Share**	**Aggregate consideration paid (before expenses)**
		HK$	*HK$*	*HK$*
July 2018	830,000	0.64	0.59	513,600
August 2018	1,200,000	0.63	0.56	714,550
September 2018	1,480,000	0.58	0.52	810,650
October 2018	210,000	0.53	0.51	111,050
	3,720,000			2,149,850

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year.

CORPORATE GOVERNANCE

During the year ended 31 March 2019, the Company has complied with all the code provisions set out in the Corporate Governance Code (the "Code") in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), save as disclosed below.

Under code provision A.1.3 of the Code, notice of at least 14 days should be given of a regular board meeting to all Directors to give them an opportunity to attend. During the year, four regular meetings were held in line with the meeting schedule as planned in the preceding year. Three unscheduled supplementary meetings were convened with less than 14 days' notice to facilitate the Directors' timely reaction and expeditious decision making process in respect of investment opportunity, internal affairs and corporate governance. Nevertheless, all Board meetings were duly convened and held according to the relevant requirements of the Articles of Association of the Company. The Board will use reasonable endeavour to meet the requirement of code provision A.1.3 of the Code in future.

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 2019.

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 2019.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement of the Group for the year ended 31 March 2019 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, 26 June 2019

As at the date of this announcement, the Executive Directors of the Company are Mr. Ko Wai Ming, Daniel, Ms. Cheng Hang Fan 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.