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## SUMMARY

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*This summary aims to give you an overview of the information contained in this prospectus. Since it is a summary, it does not contain all the information that may be important to you, and is qualified in its entirety by, and should be read in conjunction with, the full text of this prospectus. You should read this prospectus in its entirety including the appendices hereto before you decide to invest in the Offer Shares.*

*There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in “Risk Factors”. You should read that section carefully before you decide whether to invest in the Offer Shares.*

### OVERVIEW

Founded in 1979, we are one of the long-established and well-known travel agents in Hong Kong. We market our travel related products under our brand “縱橫遊”. Our business includes (i) the design, development and sales of outbound package tours; (ii) the sales of free independent traveller (FIT) products; and (iii) the provision of ancillary travel related products and services. Our major business is the provision of outbound package tours to various destinations with particular focus on Japan bound tours. We also offer FIT products such as air tickets, hotel accommodation and a combination of both and other ancillary travel related products and services.

For the years ended 31 March 2015 and 2016 and the three months ended 30 June 2015 and 2016, our revenue was approximately HK\$461.5 million, HK\$452.6 million, HK\$118.3 million and HK\$82.4 million respectively. The tables below show the breakdown of our revenue, gross profit and gross profit margin by major category of services/products for the Track Record Period:

	Year ended 31 March				Three months ended 30 June			
	2015		2016		2015		2016	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
	<i>(Unaudited)</i>							
Package tours	451,117	97.7	443,941	98.1	116,481	98.5	80,299	97.5
FIT products <sup>(Note 1)</sup>	4,383	1.0	4,009	0.9	958	0.8	752	0.9
Ancillary travel related products and services <sup>(Note 1)</sup>	6,046	1.3	4,682	1.0	846	0.7	1,336	1.6
<b>Total</b>	<u>461,546</u>	<u>100.0</u>	<u>452,632</u>	<u>100.0</u>	<u>118,285</u>	<u>100.0</u>	<u>82,387</u>	<u>100.0</u>

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	Year ended 31 March				Three months ended 30 June			
	2015		2016		2015		2016	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
Package tours <sup>(Note 2)</sup>	63,183	14.0	74,544	16.8	23,246	20.0	8,739	10.9
FIT products <sup>(Note 1)</sup>	4,383	N/A	4,009	N/A	958	N/A	752	N/A
Ancillary travel related products and services <sup>(Note 1)</sup>	6,046	N/A	4,682	N/A	846	N/A	1,336	N/A
<b>Total</b>	<u>73,612</u>	15.9	<u>83,235</u>	18.4	<u>25,050</u>	21.2	<u>10,827</u>	13.1

*Notes:*

- (1) Our revenues from sales of FIT products and ancillary travel related products and services are recognised on net basis as we render our services as an agent.
- (2) For the years ended 31 March 2015 and 2016, the gross profit margin (excluding unallocated costs of approximately HK\$801,000 and HK\$782,000 respectively) of (i) package tours bound for Japan was approximately 15.4% and 18.0% respectively; and (ii) package tours bound for other destinations was approximately 9.8% and 11.5% respectively. For the three months ended 30 June 2015 and 2016, the gross profit margin (excluding unallocated costs of approximately HK\$187,000 and HK\$142,000 respectively) of (i) package tours bound for Japan was approximately 20.7% and 11.0% respectively; and (ii) package tours bound for other destinations was approximately 16.6% and 11.2% respectively.

According to the CH Report, we were the second largest travel agent in Hong Kong in terms of number of travellers for package tours bound for Japan in 2015, and ranked eighth with approximately 2.6% market share in terms of number of travellers for outbound package tours amongst the travel agents in Hong Kong which provided outbound package tours in 2015.

Our success and commitment to high quality products and professional services has earned us numerous awards including top agents awards by Cathay Pacific Airways for 15 consecutive years from 2001. For details of the awards, please refer to “Business — Awards”.

Leveraged on our experience and success, we strive to deliver the best travel experience and customer satisfaction and become the favourite travel agent in Hong Kong.

### Expected loss-making for the year ending 31 March 2017

Prospective investors should note that for the three months ended 30 June 2016, we recorded a net loss of approximately HK\$7.9 million as compared to an unaudited net profit of approximately HK\$11.0 million for the corresponding period in 2015, and that we expect the financial results of our Group will drop significantly and will record a net loss for the year ending 31 March 2017 as compared to a net profit of approximately HK\$23.3 million for the year ended 31 March 2016. For details of the factors which affected and are expected to have adverse effect on our financial results for the three months ended 30 June 2016 and year ending 31 March 2017, please refer to “— Recent developments and material adverse change”. If such factors continue to adversely affect our business operations and our counteractive measures cannot effectively alleviate the adverse impact brought by such factors, the net loss of our Group for the year ending 31 March 2017 will increase further.

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### BUSINESS MODEL

We operate as a licensed travel agent in Hong Kong to provide a variety of travel products and services to our customers. We offer various package tours including traditional sight-seeing package tours, special theme tours, luxurious experience tours and tours designed for families, as well as MICE tours which are specifically designed according to customers' specifications. We also sell FIT products which include air tickets, hotel accommodation and a combination of both. In order to satisfy the needs of our customers, we also provide ancillary travel related products and services such as admission tickets to attractions, local transportation, car rental, prepaid telephone and internet cards, travel insurance and travel visa application.

Package tours are our main products with Japan bound tours being our particular focus. Apart from Japan, we also provide package tours bound for South Korea, China, Taiwan, Thailand, Malaysia and Singapore, Vietnam, Cambodia, Dubai, Australia, New Zealand and Europe. Our revenue from Japan bound package tours accounted for approximately 78.1%, 84.4%, 84.9% and 86.5% of our revenue from package tours for the years ended 31 March 2015 and 2016 and the three months ended 30 June 2015 and 2016 respectively. The following table sets out our revenue from package tours by destination for the Track Record Period:

	Year ended 31 March				Three months ended 30 June			
	2015		2016		2015		2016	
	HK\$'000	%	HK\$'000	%	HK\$'000 (Unaudited)	%	HK\$'000	%
Japan	352,488	78.1	374,674	84.4	98,948	84.9	69,473	86.5
Other destinations:								
South Korea	68,214	15.1	34,424	7.8	8,067	6.9	5,503	6.9
Taiwan	12,247	2.7	12,891	2.9	2,955	2.5	1,036	1.3
China	8,907	2.0	11,752	2.6	4,269	3.7	2,802	3.5
Southeast Asian countries <sup>(Note 1)</sup>	9,152	2.1	6,063	1.4	2,242	2.0	790	1.0
Other countries <sup>(Note 2)</sup>	109	0.0	4,137	0.9	—	—	695	0.8
<b>Total</b>	<u>451,117</u>	<u>100.0</u>	<u>443,941</u>	<u>100.0</u>	<u>116,481</u>	<u>100.0</u>	<u>80,299</u>	<u>100.0</u>

Notes:

- (1) Southeast Asian countries during the Track Record Period included Thailand, Malaysia and Singapore, Vietnam and Cambodia.
- (2) Other countries during the Track Record Period included Dubai and Australia.

We usually plan our package tours semi-annually taking into account the availability of flight seats. For Japan bound tours (except Okinawa), we make bookings for other travel elements such as hotel accommodation, tour buses and meals directly or through our reservation agent in Japan. For our package tours bound for Okinawa and other non-Japan destinations, we engage land operators to arrange for the local travel elements.

We sell our products and services through a number of channels including our four branches in Causeway Bay, Tsim Sha Tsui, Mongkok and Shatin under the tradename “翱翔遊” since 1988, online sales platform at our website and online sales platforms operated by online group buying intermediaries. We also sell tailor made tours to customers through our MICE tour department. In addition, we sell our travel products to other travel agents in Hong Kong and Macau.

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### PRICING

We generally determine the selling price of our travel products, including package tours, FIT products and ancillary travel related products and services, on a cost-plus basis. For package tours, we determine the selling price based on the cost of travel elements and also take into consideration other factors, such as market demand, historical prices of our products, price of similar products offered by our competitors, tour enrolment situation, and for Japan bound tours (except Okinawa), the exchange rate of Japanese Yen. We review the price of our package tours on a regular basis.

### CUSTOMERS

Our customers are mainly retail customers who purchase our package tour products, FIT products and ancillary travel related products and services. In addition, we also sell our travel products to other travel agents in Hong Kong and Macau. For the years ended 31 March 2015 and 2016 and the three months ended 30 June 2015 and 2016, approximately 97.0%, 97.7%, 97.0% and 96.6% of our revenue from the sales of package tours were derived from retail customers respectively. We do not rely on any major customers. Sales invoice amount with our five largest customers, which are mainly MICE tour customers and other travel agents, accounted for approximately 1.3%, 2.6% and 2.4% of our total sales invoice amount for the years ended 31 March 2015 and 2016 and the three months ended 30 June 2016 respectively.

### SUPPLIERS

Our suppliers mainly include airlines, land operators, tour bus operators and other local transportation operators, hotel operators, travel agents, restaurants and attraction operators. Purchases from our five largest suppliers accounted for approximately 54.4%, 54.0% and 43.5% of our total purchases for the Track Record Period respectively.

Our largest supplier in each of the years ended 31 March 2015 and 2016 and the three months ended 30 June 2016 was an airline group based in Hong Kong from which we sourced air tickets for our business operations. Purchases from our largest supplier accounted for approximately 42.5%, 40.1% and 31.2% of our total purchases for the Track Record Period respectively. For the risk associated with our reliance on our largest supplier, please refer to “Risk Factors”.

JCS, one of our five largest suppliers during the Track Record Period, is a connected person of our Company. JCS is a tour bus operator in Japan from which we procured the supply of tour bus service for our tour operations in Japan.

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### FOREIGN EXCHANGE EXPOSURE

Our Group is exposed to foreign exchange risk, particularly in relation to Japanese Yen. Our receipts from customers are denominated in Hong Kong dollars while the settlement of substantial portion of our land costs, such as hotel tariffs, transportation costs, meal expenses and admission ticket costs are denominated in Japanese Yen. The following table sets forth the breakdown of our cost of sales by currency for the Track Record Period:

	Year ended 31 March				Three months ended 30 June			
	2015		2016		2015		2016	
	HK\$'000	%	HK\$'000	%	HK\$'000 (Unaudited)	%	HK\$'000	%
Hong Kong dollars	247,146	63.7	225,202	61.0	53,228	57.1	32,692	45.7
Japanese Yen	140,788	36.3	144,195	39.0	40,007	42.9	38,868	54.3
<b>Total</b>	<u>387,934</u>	<u>100.0</u>	<u>369,397</u>	<u>100.0</u>	<u>93,235</u>	<u>100.0</u>	<u>71,560</u>	<u>100.0</u>

Please refer to “Financial Information — Sensitivity and breakeven analyses” for the sensitivity and breakeven analyses of the impact of hypothetical changes in the exchange rate of Japanese Yen against Hong Kong dollars on our profit for each financial year/period during the Track Record Period.

We have developed foreign exchange risk management procedures to manage our exposure to foreign exchange risk in relation to Japanese Yen. For details, please refer to “Business — Internal control and risk management — Foreign exchange risk control”.

### COMPETITION LANDSCAPE AND COMPETITIVE STRENGTHS

We operate in the travel service industry in Hong Kong. According to the CH Report, there were 1,756 licensed travel agents in Hong Kong as at the Latest Practicable Date, 560 of which engage in the wholesale and/or operation of package tours. The ten largest licensed travel agents engaging in the wholesale and/or operation of package tours in Hong Kong accounted for over 75% market share in terms of number of Hong Kong travellers who joined package tours in 2015. As our major business is the provision of outbound package tours, we mainly compete with other licensed travel agents in Hong Kong which offer outbound package tours to their customers. However, we also face competition from airlines and other travel agents in and outside Hong Kong, which offer similar products and services directly to customers or over the Internet.

According to CH, the top ten players in the package tour market in Hong Kong, including our Group, which represent a majority of the market share, offer a wide range of types of package tours covering high-end and low-end package tours to cater for the preference of different customers. The price range of our Group’s package tours bound for Japan was approximately HK\$4,000 to approximately HK\$63,000 per person and package tours bound for other destination was approximately HK\$700 to approximately HK\$42,000 per person during the Track Record Period.

Our Directors believe that our competitive strengths set out below will enable our Group to maintain its competitive position in the market: (i) established market presence and well-known

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brand name in Hong Kong; (ii) commitment to provide quality products and services which meet customers' needs; (iii) diversified product range which offers different travel experience to our customers; (iv) established good business relationship with airlines and other suppliers; and (v) experienced management team.

### STRATEGIES

We aim to deliver the best travel experience and customer satisfaction and become the favourite travel agent in Hong Kong by implementing the following strategies: (i) enhancing our brand recognition and awareness; (ii) strengthening our customer relationship management efforts to increase customer loyalty; (iii) developing and improving products and services; (iv) strengthening our sales network; (v) improving our information system to improve operational efficiency; and (vi) expanding our staff team.

### RISK FACTORS

There are certain risks involved in our business operations and in connection with the Share Offer, many of which are beyond our control. Any of the factors set out in "Risk Factors" may limit our ability to execute our business strategies and implementation plans successfully. The risks faced by us can be broadly categorised into: (i) risks relating to our business; (ii) risks relating to our industry; and (iii) risks relating to the Shares and the Share Offer. Some of the major risks that could materially and adversely affect our business and results of operation are as follows:

- We experienced fluctuation in gross profit and gross profit margin for our sales of package tours and overall financial results during the Track Record Period.
- Natural disasters, acts or threats of terrorism, wars, travel-related accidents, outbreak of contagious or infectious diseases or other catastrophic events, political instability and issuance of any outbound travel alert may significantly and adversely impact on our business and operating results.
- Our Group's continuing success depends on our reputation and brand recognition and any damage to our brand could materially and adversely affect our business and operating results.
- We generated a material portion of our revenue from the sales of tours bound for Japan and any decrease in the demand for Japan bound tours may materially and adversely affect our business and operating results.
- We are exposed to foreign exchange risk particularly in relation to Japanese Yen which would impact on our Group's operating performance as well as our financial position.
- We recorded foreign exchange losses from the forward exchange contracts entered into by us during the Track Record Period.

You should read the entire "Risk Factors" carefully before deciding to invest in the Offer Shares.

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### SHAREHOLDERS' INFORMATION

Immediately following the completion of the Share Offer and the Capitalisation Issue (without taking into account any Shares which may be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme), our Company will be owned as to 75% by WWPKG Investment, which is in turn owned as to 68.02%, 23.42% and 8.56% by Ms. Chan, Mr. SK Yuen and Mr. CN Yuen respectively, all of whom are our executive Directors. Please refer to “History, Reorganisation and Development” for further details. Our Group has entered into and is expected to continue after Listing certain transactions with certain associates of our Controlling Shareholders. Details of these continuing connected transactions are set out in “Connected Transactions”.

### KEY OPERATIONAL AND FINANCIAL DATA

#### Key income statement information

	Year ended 31 March		Three months ended 30 June	
	2015	2016	2015	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i> <i>(Unaudited)</i>	<i>HK\$'000</i>
Revenue	461,546	452,632	118,285	82,387
Gross profit	73,612	83,235	25,050	10,827
Profit/(loss) before income tax	19,689	28,405	13,182	(8,294)
Profit/(loss) and total comprehensive income/(loss) for the year/period	16,344	23,328	10,957	(7,871)
Profit/(loss) and total comprehensive income/(loss) for the year/period attributable to owners of the Company	16,226	23,109	10,840	(7,771)
<i>Non-HKFRSs information</i>				
Profit/(loss) and total comprehensive income/(loss) for the year/period attributable to owners of the Company (excluding Listing expenses)	16,226	24,318	10,840	(2,039)

#### Key balance sheet information

	As at 31 March		As at 30 June
	2015	2016	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets	3,382	5,881	6,773
Current assets	88,836	89,778	94,477
Non-current liabilities	995	915	840
Current liabilities	53,310	33,463	47,000
Total equity	37,953	61,281	53,410
Equity attributable to owners of the Company	37,499	60,608	52,837

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### Selected cash flow items

	<u>Year ended 31 March</u>		<u>Three months ended 30 June</u>	
	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i> <i>(Unaudited)</i>	<i>HK\$'000</i>
Operating cash flows before changes in working capital	21,312	28,531	12,487	(7,983)
Net cash generated from operating activities	1,208	23,137	13,934	7,744
Net cash used in investing activities	(1,252)	(3,040)	(757)	(55)
Net cash used in financial activities	(8,225)	(2,991)	(2,066)	(2,402)
Net (decrease)/increase in cash and cash equivalents	(8,269)	17,106	11,111	5,287

### Key financial ratios

	<u>As at/Year ended 31 March</u>		<u>As at/Three months ended 30 June</u>
	<u>2015</u>	<u>2016</u>	<u>2016</u>
Net profit/(loss) margin before interest and tax (%)	4.3	6.3	(10.1)
Net profit/(loss) margin (%)	3.5	5.1	(9.4)
Return on equity (%)	43.3	38.1	N/A
Return on total assets (%)	17.6	24.2	N/A
Interest coverage (times)	2,188.7	1,015.5	N/A
Current ratio and quick ratio (times)	1.7	2.7	2.0
Gearing ratio (%) <sup>(Note)</sup>	1.6	1.0	1.0
Debt-to-equity ratio (%)	N/A	N/A	N/A

*Note:* Gearing ratio is calculated based on total debt at the end of the financial year/period divided by total equity at the end of the financial year/period and multiplied by 100%. Debt of our Group refers to obligations under finance leases.

### Exchange rate applied to financial statements of our Group during the Track Record Period

The following tables set forth the exchange rate applied for translating balances and transactions in Japanese Yen to Hong Kong dollars in the financial statements during the Track Record Period:

	<u>As at 31 March</u>		<u>As at 30 June</u>	
	<u>2015</u>	<u>2016</u>	<u>2016</u>	
Combined statements of financial position (HK\$:JPY)	0.0644	0.0690	0.0755	
	<u>Year ended 31 March</u>		<u>Three months ended 30 June</u>	
	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>
Combined statements of comprehensive income (HK\$:JPY)	0.0705	0.0642	0.0639	0.0702

### LISTING EXPENSES

Our Directors are of the view that the financial results of our Group for the year ending 31 March 2017 are expected to be adversely affected by the Listing expenses in relation to the Share Offer, the nature of which is non-recurring. The total Listing fees in relation to the Share Offer, primarily consisting of fees paid or payable to professional parties and underwriting fees and commission, are estimated to be approximately HK\$21.6 million (based on the mid-point of

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the indicative Offer Price range of HK\$0.6 per Share and 100,000,000 Offer Shares). Among the estimated total Listing fees, (i) approximately HK\$6.5 million is expected to be accounted for as a deduction from equity upon Listing; and (ii) approximately HK\$15.1 million is expected to be recognised as expenses in our consolidated statements of comprehensive income, of which approximately HK\$1.2 million had been recognised for the year ended 31 March 2016, approximately HK\$5.7 million had been recognised for the three months ended 30 June 2016 and the remaining approximately HK\$8.2 million is expected to be recognised for the nine months ending 31 March 2017.

### USE OF PROCEEDS

Our Directors believe that the Listing will enhance our Group's corporate image and reputation as well as further strengthen our market position in the travel industry in Hong Kong. We estimate that the net proceeds from the Share Offer (after deducting underwriting commissions and estimated expenses payable by us in connection with the Share Offer), assuming an Offer Price of HK\$0.60 per Share (being the mid-point of the indicative Offer Price range), will be approximately HK\$38.4 million. We currently intend to apply the net proceeds in the following manner:

- approximately 44.5%, or HK\$17.1 million, to be used to promote our brand recognition and awareness;
- approximately 24.9%, or HK\$9.6 million, to be used to strengthen and enhance our sales channels;
- approximately 20.6%, or HK\$7.9 million, to be used to improve our operational efficiency; and
- approximately 10.0%, or HK\$3.8 million, to be used for our general corporate and working capital purposes.

Please refer to "Future Plans and Use of Proceeds" for further details of our use of proceeds and the implementation plans of our business strategies, as well as the reasons for the Listing and the Share Offer.

### OFFER STATISTICS

	<u>Based on an Offer Price of</u>	
	<u>HK\$0.4 per Offer Share</u>	<u>HK\$0.8 per Offer Share</u>
Market capitalisation <sup>(Note)</sup>	HK\$160 million	HK\$320 million
Unaudited pro forma combined net tangible assets per Share <sup>(Note)</sup>	HK\$0.20	HK\$0.30

*Note:* Please see "Unaudited Pro Forma Financial Information" in Appendix II to this prospectus for details regarding the assumptions and calculation basis.

### DIVIDEND

The declaration of future dividends will be subject to our Directors' decision and will depend on factors such as our earnings, financial condition, cash requirements and availability, and any

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other factors our Directors may consider relevant. Currently, we do not have any dividend policy, nor do we have any predetermined dividend distribution ratio.

During the year ended 31 March 2015, dividends of approximately HK\$7.9 million and HK\$2.0 million were declared and paid by Worldwide Package and PTHK to their then shareholders respectively. Save for the aforesaid, our Group did not declare and/or paid any other dividend during the Track Record Period.

### RECENT DEVELOPMENTS AND MATERIAL ADVERSE CHANGE

Based on the audited results for the three months ended 30 June 2016 and the unaudited financial information for the five months ended 30 November 2016 of our Group, we expect the financial results of our Group will drop significantly for the year ending 31 March 2017 as compared to that for the year ended 31 March 2016.

Our revenue for the year ending 31 March 2017 is expected to decrease significantly due to (a) the negative impact of the 2016 Kumamoto Earthquake occurred in April 2016; (b) the decrease in demand of customers who are cost conscious for our package tours bound for Japan due to the continued appreciation of Japanese Yen against Hong Kong dollars together with the intense competition within the industry; and (c) the downward adjustment of the selling price of our package tours in view of the fierce industry competition. Apart from the estimated decrease in revenue, our gross profit margin for the year ending 31 March 2017 is expected to be adversely affected by the increase in our cost of sales mainly due to (i) the continuous strong exchange rate of Japanese Yen against Hong Kong dollars which boosts up our land costs that are settled in Japanese Yen; and (ii) the increase in the hotel room rates in Japan.

As a result of the 2016 Kumamoto Earthquake, package tours of our Group bound for Kyushu between 15 April 2016 to 27 June 2016 were completely suspended. The decrease in invoiced sales amount of Kyushu tours contributed to approximately 26.3% of the decrease in invoiced sales amount of tours bound for Japan of our Group during the three months ended 30 June 2016.

The appreciation of Japanese Yen impacts both the demand (i.e. demand from cost conscious customers will decrease) and cost (i.e. land costs denominated in Japanese Yen will increase) side of our Group's business, which will lead to the shrinking of our gross margin. While the travel industry in Hong Kong has always been competitive, its impact on our Group's financial performance is increased when the Japanese Yen is appreciating because people may defer their travel plans, choose other travel destinations beside Japan or search for more bargain offers. Hence, the industry players generally will cut prices in order to promote demand and compete for customers. Further, during the period of appreciating Japanese Yen, some of our Group's customers who are more cost conscious may choose to travel by purchasing FIT products through online agencies and booking platforms of airlines and hotels which have generally been very aggressive in pricing. These factors decrease demand for our package tours and intensify market competition. This also explains why despite online travel booking has been expanding for years and industry competition has always been increasing, their impact on our Group's financial performance is more prominent in the three months ended 30 June 2016 than in the two years ended 31 March 2016.

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The gross margin of package tours bound for Japan (excluding Kyushu) of our Group for the three months ended 30 June 2016 was approximately 11.1%. For illustrative purpose, assuming that the Japanese Yen exchange rate had remained at the average rate of the two years ended 31 March 2016, the gross margin of package tours bound for Japan (excluding Kyushu) of our Group for the three months ended 30 June 2016 would have improved to approximately 13.0%. Further, for illustrative purpose, assuming the exchange rate of Japanese Yen had remained at the average rate of the two years ended 31 March 2016, our Group would have recorded a net profit (excluding Listing expenses) of approximately HK\$1.1 million for the three months ended 30 June 2016. This means that even if we assume all the decrease in revenue during the three months ended 30 June 2016 (including the decrease in revenue caused by the 2016 Kumamoto Earthquake) was entirely caused by market competition, our Group would still have recorded a net profit without the impact of the appreciation of Japanese Yen. Therefore, our Directors consider the appreciation of Japanese Yen to be the most significant factor affecting the financial performance of our Group for the three months ended 30 June 2016 and the year ending 31 March 2017.

Our selling expenses are expected to increase for the year ending 31 March 2017, which is mainly due to our plan to increase spending on marketing activities to promote our brand recognition and awareness. See “Business — Strategies” and “Future Plans and Use of Proceeds” for details. Our administrative expenses are also expected to increase for the year ending 31 March 2017 as a result of the recognition of the expected Listing expenses of approximately HK\$13.9 million in our consolidation statement of comprehensive income for the year.

Based on the above factors which are expected to have material adverse effect on our financial results, we expect to record a net loss for the year ending 31 March 2017 as compared to a net profit for the year ended 31 March 2016.

Notwithstanding, our Directors are of the view that there is no fundamental deterioration in the commercial and operational viability of our business.

Save as disclosed above, our Directors confirm that, up to the date of this prospectus, there had been no material adverse change in our financial or trading position or prospect since 30 June 2016, being the date to which our latest audited financial information was prepared and there had been no event since 30 June 2016 which would materially affect the information shown in the Accountant’s Report.

### **SUSTAINABILITY OF OUR BUSINESS**

Notwithstanding that our Group’s results of operation and financial condition for the year ending 31 March 2017 are expected to be adversely impacted by certain factors as mentioned in “— Recent developments and material adverse change”, our Directors believe that our business is sustainable based on (i) our long established track record, our brand awareness and our well-maintained business relationship with suppliers; (ii) continuous growth of market size and market opportunities; (iii) our ability to respond to adversities; (iv) our strong and healthy financial position; and (v) our counteractive measures against adverse conditions.

For details of the reasons supporting our Directors’ beliefs on the sustainability of our business, please refer to “Business — Sustainability of our business”.