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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 major business is the provision of outbound package tours with particular focus on Japan bound tours. 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.

We believe we are well perceived by customers as expert in the provision of travel packages for Japan, as evidenced by various awards we have received including “我最喜愛日本旅行團2013” (My Most Favourite Japan Tour 2013*) by U Magazine, a lifestyle magazine in Hong Kong; “我最喜愛日本旅遊旅行社2015” (My Most Favourite Travel Agent for Japan Travel 2015*) by Flyagain.la, an online travel information platform; and “The Most Favorite Travel Package Awards” in 2011, 2013 and 2015 by Weekend Weekly, a travel magazine in Hong Kong. We consider our success over the years was largely owing to our ability and dedication to bring new travel experience to our customers with a variety of tours.

Apart from Japan, we offer package tours to other destinations including South Korea, China, Taiwan, Thailand, Malaysia and Singapore, Vietnam, Cambodia, Dubai, Australia, New Zealand and Europe.

In addition to outbound package tours, we offer other travel products and services to our customers, including FIT products and ancillary travel related products and services. FITs mean travellers who purchase FIT products for their own travel itinerary, instead of package tours. FIT products usually comprise air tickets, hotel accommodation, or a combination of both. We also provide ancillary travel related products and services which include admission tickets to attractions, local transportation, car rental, prepaid telephone and internet cards, travel insurance and travel visa application.

Our success and commitment to high quality products and professional services has earned us numerous awards in recognition of our achievements. For details of the major awards received by us, please refer to “— Awards”.

According to the CH Report, the number of outbound travellers from Hong Kong to Japan was the highest among short haul countries excluding the Mainland China in 2015. From 2011 to 2015, the CAGR of the number of visitors from Hong Kong to Japan was approximately 43%; and it is expected that the number of visitors from Hong Kong to Japan after 2015 will continue to grow at approximately 10% annually. We strive to maintain our leading position in the provision of Japan bound tours.

Leveraged on our extensive experience and success in Japan bound tours, while we will continue to excel in our provision of Japan bound tours, we will also develop tours to other destinations, and offer FIT products and ancillary travel related products and services to meet the different demand and preferences of our customers. We are committed to delivering the best travel experience and customer satisfaction and becoming the favourite travel agent in Hong Kong as our marketing slogan in Chinese says “鐘意旅遊 鐘意縱橫遊” (love travelling, love WWPKG).

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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. Our businesses include (i) the design, development and sales of outbound package tours; (ii) the sales of FIT products; and (iii) the provision of ancillary travel related products and services. Package tours offered by us include 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. Our FIT products 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.

We mainly sell our products and services through our four branches in Hong Kong under the tradename “翱翔遊” and online sales platforms. Our customers are mainly retail customers and also include other travel agents in Hong Kong and Macau.

Our suppliers mainly include airlines, land operators, tour bus and other local transportation operators, hotel operators, restaurants and attraction operators.

The following table sets out our revenue by major category of products/services during the Track Record Period:

	Year ended 31 March				For the three months ended 30 June			
	2015		2016		2015		2016	
	HK\$'000	%	HK\$'000	%	HK\$'000 (Unaudited)	%	HK\$'000	%
Package tours	451,117	97.7	443,941	98.1	116,481	98.5	80,299	97.5
FIT products ^(Note)	4,383	1.0	4,009	0.9	958	0.8	752	0.9
Ancillary travel related products and services ^(Note)	6,046	1.3	4,682	1.0	846	0.7	1,336	1.6
Total	<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>

Note: 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.

During the Track Record Period, there had not been any material change in the business focus of our Group.

COMPETITION

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 with over 97% of our total revenue during the Track Record Period derived from the sales of package tours, we mainly

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compete with other licensed travel agents in Hong Kong which offer outbound package tours to their customers. 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.

Our Directors consider that the relatively small number of travel agents in Hong Kong providing package tour service may be due to the entry barriers which, according to the CH Report, include compliance with the TAR licensing requirements, building up of reputation and track record and maintaining of good business relationship with major suppliers such as airlines, land operators and hotels. In particular, according to the CH Report, the reputation of a travel agent is one of the major considerations for customers in their choice of travel agents but it takes long to build up good reputation and track record, causing high entry barrier for new entrants. Moreover, maintaining good business relationship with major suppliers such as airlines, land operators and hotels is essential to ensure stable supply of their services.

Despite the intense competition, our Directors believe that we will maintain our competitive position in the travel service industry in Hong Kong based on our competitive strengths. We will continue to design and develop high quality package tours, offer new travel destinations, broaden the scope of our products and services and improve the quality of our services with the aim to increasing our market share. Please refer to “— Competitive strengths” below for details of our competitive strengths.

COMPETITIVE STRENGTHS

Our Directors believe we have the following competitive advantages :

We have an established market presence and well-known brand name in Hong Kong

Founded in 1979, we are one of the long-established and well-known travel agents in Hong Kong. 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.

With 37 years of business in the travel service industry in Hong Kong under our brand “縱橫遊”, we believe we have established a well-known brand in Hong Kong with a reputation for provision of quality travel products and services. Leveraged on our established market presence and renowned brand, we believe our continuous effort to improve our products and services and our commitment to providing a variety of travel products and services will enable us to increase our market share.

We are committed to providing quality products and services which meet customers’ needs

We believe one of the keys to our success is our commitment to providing quality products and services to customers to ensure highest customer satisfaction. We carefully select our suppliers which meet our stringent requirements such as quality, safety, responsiveness and reliability. Our suppliers include major airlines and five-star hotels. We are determined to offer professional

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services and pleasant experience to our customers beginning from their enquiries of our products and services through to the end of their travel. We provide continuous training to our sales representatives, tour escorts and customer service representatives to ensure they have the necessary knowledge, skills and courtesy to serve our customers with professionalism.

As part of our on-going evaluation and assessment over the quality of our products and services, we require our tour escorts to submit a tour completion report to us after the end of each tour reporting on the quality of the products and services provided by our suppliers. In addition, we invite our customers to complete an evaluation form at the end of the tour for their comments on various aspects of the travel elements and the services of our staff and tour escorts. We also conduct phone interviews with randomly selected customers and collect their feedback about the quality of our products and services.

Our on-going evaluation processes enable us to monitor the quality of our products and services, and to improve our products and services which meet our customers' needs.

We have diversified product range which offers different travel experience to our customers

We are committed to developing new travel products and ideas to meet the different needs and travel preferences of our customers. For existing destinations, we seek to introduce new itineraries and activities from time to time in order to offer new travel experience to our customers. We also conduct researches on new destinations with the aim to developing new tours to provide our customers with wider choice of destinations. We have introduced different theme tours to cater for different travel preferences of customers such as festival theme tours, excursion train tours, gourmet tours, cruise tours, cultural experience tours and world heritage tours. We monitor the market trends and travel preferences continuously and are responsive in developing new tours to meet the demands of customers. Moreover, through sponsorship of television travel programmes and films and hosting of travel seminars, we bring the latest travel information and ideas to customers who desire to enrich their travel experience. We believe our commitment to developing new travel products and ideas and our expanding diversity of product range will enable us to attract more customers.

We have established good business relationships with airlines and other suppliers

We have maintained good relationship with various airlines such that we are allocated with block seats in advance half yearly so that we could plan and design our products ahead and ensure there are sufficient seats for our tour operations. For certain of our major airline suppliers, we are allowed to cancel up to a certain percentage of the block seats reserved for us and no penalty will be charged and no deposit will be forfeited if the cancellation is made within an agreed period prior to departure. We are often offered exclusive charter flights for peak seasons upon our request to cope with our demand by reason of our good business relationship with the airlines. We have maintained long term business relationship of more than 14 years with some of our major airline suppliers.

We have received numerous awards for our outstanding performance from various major airlines including Cathay Pacific Airways, Dragonair, Asiana Airlines, Japan Airlines and All Nippon Airways. In particular, we have received top agent awards from Cathay Pacific Airways for 15 consecutive years from 2001 and top agent awards from Dragonair for three consecutive years since 2013.

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We have enjoyed good business relationship with other suppliers including land operators and hotels. We have maintained long term business relationship with some of our land operators of at least 10 years. Our land operators, with local expertise, will provide us with latest travel information which assist us to develop new itineraries and travel elements. We also maintain good relationship with many hotels located in popular destinations and are therefore able to offer wider choice of hotels to our customers which in turn result in better travel experience for our customers.

Our management team is well experienced in the travel industry

Our executive Directors, Mr. SK Yuen and Ms. Chan have over 36 years and Mr. CN Yuen has over 10 years of experience in the travel industry especially for operation of package tours bound for Japan. Their invaluable knowledge and insight of the travel industry has enabled our Group to attain our success in the past. Under the leadership of our executive Directors, and with our supportive senior management team, which has on average over 15 years of experience in their respective function, we believe our Group will continue our success and bring new and unique travel experience to our customers. For further information on our Directors and senior management, please refer to “Directors and Senior Management”.

STRATEGIES

We aim to deliver the best travel experience and customer satisfaction and become the favourite travel agent in Hong Kong. We intend to achieve our goal by implementing the following strategies:

Enhancing our brand recognition and awareness

We believe that reputation influences customers’ choice of travel products among different travel agents in Hong Kong. Our status as a long-established and well-known travel agent in Hong Kong is vital to our continuous success. We intend to maintain our reputation and brand recognition through continuous promotion of our brand and create highest value-to-cost experience for our customers.

We will promote our brand awareness through various marketing channels including sponsorship of television travel programmes (including online television) and films, advertisements on newspapers, television, public transportation and travel and lifestyle magazines, promoting our products and services on the Internet including social media, organising travel seminars, participating in tourism fairs, and cooperating with credit card companies and banks to offer discounts on our products and services respectively. We have sponsored two series of television travel programme which were broadcasted in April and November 2016.

In particular, with the increasing use of Internet for travel booking and in order to correspond with the introduction of our integrated online sales platform, we will boost our digital marketing efforts. We have launched a two-year digital marketing campaign in August 2016 with an aim to digitally transforming our Group into a leader in local travel e-commerce. Through advertising on social media and search engine marketing, we aim to increase online channel presence and online traffic and drive online inquiry to our product offerings. We plan to do so by building promotions for interested groups, developing special packages and tours and building fan following from interested groups.

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We will continue to develop new itineraries and different theme tours such as excursion train tours, festival theme tours and gourmet tours. We believe such diversified tours will enhance our brand recognition for unique travel experience. For instance, we have designed a luxurious five-day hot spring and gourmet tour departing on the day following the Chinese New Year of 2017 with our spokesperson as a guest tour participant at the tour price of approximately HK\$80,000 per person, which we believe will raise the awareness of our brand and enhance the popularity of our products. As at the Latest Practicable Date, the tour has received satisfactory enrolments.

Strengthening our customer relationship management efforts to increase customer loyalty

We will enhance our customer relationship management efforts in order to improve length of customer cycle and build loyal customer base. We will analyse the data to be accumulated from the digital marketing campaign to understand our customers' behaviour in depth, including resell patterns, product preferences, and customer lifecycles. We may also consider to adopt an enhanced customer relationship management system which allows us to make quantifiable measurement, synchronise business dealings and build an optimal website experience.

In addition, we launched our existing membership system in February 2016. Customers who enrol as a member will accumulate points upon purchase of our products and services. These points can be redeemed to offset the price of certain products and services. Members will also receive our newsletters from time to time to keep abreast of our latest promotion, and products and services. As at the Latest Practicable Date, we had over 10,400 members. We will regularly review the membership system for improvement which may include expanding the redemption scheme to offer additional benefits, souvenirs or gift vouchers, so as to increase customer loyalty and to attract new customers.

Increasing our market share by continuous development of new products and services

We will continue to explore new destinations and develop itineraries for our existing tours to give our customers new and different travel experience. In particular, we will develop a range of signature tours such as luxurious hot spring, Michelin gourmet and exotic experience tours. We will conduct regular researches for new travel ideas including new destinations, new points of attraction and special local events so as to improve our existing tours and to develop new destinations to add to our variety of tours. We will also develop new itineraries which tailor our customers' preference and market trends. For instance, we had been in discussion with our major airline supplier to cooperate with them to develop a regular route to a new destination in Japan. As a result of our discussion, our major airline supplier has proposed to operate scheduled charter flight to Komatsu, Japan initially for the period between mid-April and end-June 2017 with two departures per week. The new scheduled flight to Komatsu will enable us to develop new itineraries for Hokuriku area and Chubu area. We also plan to develop one to two new destination(s) every year to provide a wider choice to our customers. We believe that with the wide choice of products and services and our reputation for quality, we can increase our market share.

Strengthening of sales network

We currently have four branches located in Causeway Bay, Mongkok, Tsim Sha Tsui and Shatin to provide in-person services to our customers. We plan to refurbish our existing branches

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to give a unified and new image across all our branches, which we believe will improve customer experience and also promote our brand awareness and recognition. We leased another property unit to expand the space of our Shatin branch to offer a more relaxing and pleasant environment to our customers and to cope with our future operation, which commenced operation in November 2016. We will also evaluate the need to increase our branch network by opening an additional branch at a strategic location in Hong Kong to provide convenience for those customers who prefer personal purchase experience.

To meet the demand of those customers who prefer instant accessibility, we will continue to improve our website and online sales platform to provide up-to-date travel information and simplified purchase and booking procedures respectively. We have engaged an independent software developer to develop and enhance our online sales platform with an integrated booking system. As at the Latest Practicable Date, customers were able to (i) view real time information and the availability and pricing of our package tours, air tickets and some of our ancillary travel related products; (ii) make booking of our package tours; (iii) make purchase of air tickets with real time confirmation; (iv) make purchase of some of our ancillary travel related products; and (v) view real time information on the availability and pricing of hotel accommodation and make purchase and booking with real time confirmation.

Our online sales platform, when fully developed, is expected to further enable our customers to (i) make purchase of “ticket plus hotel” FIT packages with real time confirmation; (ii) make full payment for, and change their booking of, package tours; and (iii) chat online with our sales representatives for assistance. We will increase our offering of FIT products on our integrated online sales platform to cater for the needs of FITs so as to capture the growth of the FIT market. We will offer certain hotel bookings exclusively to increase the attractiveness of our products.

In December 2016, we have entered into a long-term affiliate agreement with one of the world’s leading travel intermediaries, under which the travel intermediary will supply hotel inventories to us and travellers could select and purchase accommodation in more than 280,000 hotels worldwide through our online sales platform. The agreement is for a term of three years where the supply of hotel inventories from the travel intermediary has been effective as at the Latest Practicable Date, subject to further enhancements. Under the agreement, there is no minimum purchase requirement of the hotel inventories supplied by the travel intermediary. We will receive marketing fees for purchases of the hotel accommodation supplied by the travel intermediary made through our online sales platform.

Given our online sales platform can offer such wide range of products (i.e. package tours, FIT products and ancillary travel related products and services), it can satisfy most of the travel needs of our customers as a one-stop shop. This will distinguish us from most of the online agencies and booking platforms of airlines and hotels which generally only offer air ticket and/or hotel booking.

Improvement in our information systems

We will continue to upgrade or replace our information systems to improve our operational efficiency. We currently plan to upgrade or replace our existing hotlines telephone system, accounting system and tour operating system with integrated management information functions.

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Such new information systems will streamline our operation processes and improve our operation efficiency. In addition, with the integrated management information functions, our management will be able to closely monitor and review our business operations and financial performance so that we could respond to market changes expeditiously in view of the intensifying market competition.

Expansion of our staff team

We plan to strengthen our management team by recruiting at least one seasoned and talented person at senior managerial level to oversee our overall business operations. We are further planning to recruit one to two experienced team member(s) for each of our marketing, accounting and information technology functions. We require additional marketing staff in order to implement our strategy to continue promoting our brand awareness through advertisements and other marketing campaign. We require additional accounting staff to support our chief financial officer so as to cope with the additional financial reporting requirements after Listing. Further, we require additional staff for our information technology function to maintain our new website and online sales platform and to support our customer relationship management analysis.

Certain of the above strategies will be funded by the net proceeds from the Share Offer. For details of our intended use of the proceeds from the Share Offer, please refer to “Future Plans and Use of Proceeds”. We will fund the other strategies set out above by our internal resources.

PRODUCTS AND SERVICES

During the Track Record Period, our products and services can be categorised into three major types: (i) package tours, (ii) FIT products and (iii) ancillary travel related products and services.

Package tours

Our main products are outbound package tours. Our sales of package tours accounted for approximately 97.7%, 98.1%, 98.5% and 97.5% of our total revenue for the years ended 31 March 2015 and 2016 and the three months ended 30 June 2015 and 2016 respectively. Package tours normally comprise flights, hotel accommodation, meals, land transportation and arrangements for sight-seeing and other activities as a combined package. Our outbound package tours are accompanied by our tour escorts from departure until return to Hong Kong. For the years ended 31 March 2015 and 2016 and the three months ended 30 June 2016, we had over 2,100, 2,000 and 400 outbound package tours departed, serving over 53,000, 52,000 and 9,200 customers respectively.

Destinations

During the Track Record Period, we provided package tours bound for Japan, South Korea, China, Taiwan, Thailand, Malaysia and Singapore, Vietnam, Cambodia, Dubai and Australia. Japan bound package tours were our main products which 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.

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The following table sets out our revenue from package tours by destination for the Track Record Period:

	Year ended 31 March				Three months ended in 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>	%
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 ^(Note 1)	9,152	2.1	6,063	1.4	2,242	2.0	790	1.0
Other countries ^(Note 2)	109	0.0	4,137	0.9	—	—	695	0.8
Total	451,117	100.0	443,941	100.0	116,481	100.0	80,299	100.0

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.

Types

We offered a diversified range of package tours including traditional sight-seeing package tours for general retail customers, special theme tours such as festival theme tours, excursion train tours, cruise tours, gourmet tours, cultural experience tours and world heritage tours for customers with particular interests, luxurious experience tours such as hot spring tours and Michelin gourmet tours for customers who are willing to spend more in return for deluxe travel experience, and tours designed for families. Our MICE tour department also offered tailored made tours for customers with specific requirements.

FIT products

Our FIT products include air tickets, hotel accommodation and a combination of both. Customers who prefer non-escorted travel would enjoy complete freedom as to the choice of flights and hotel accommodation.

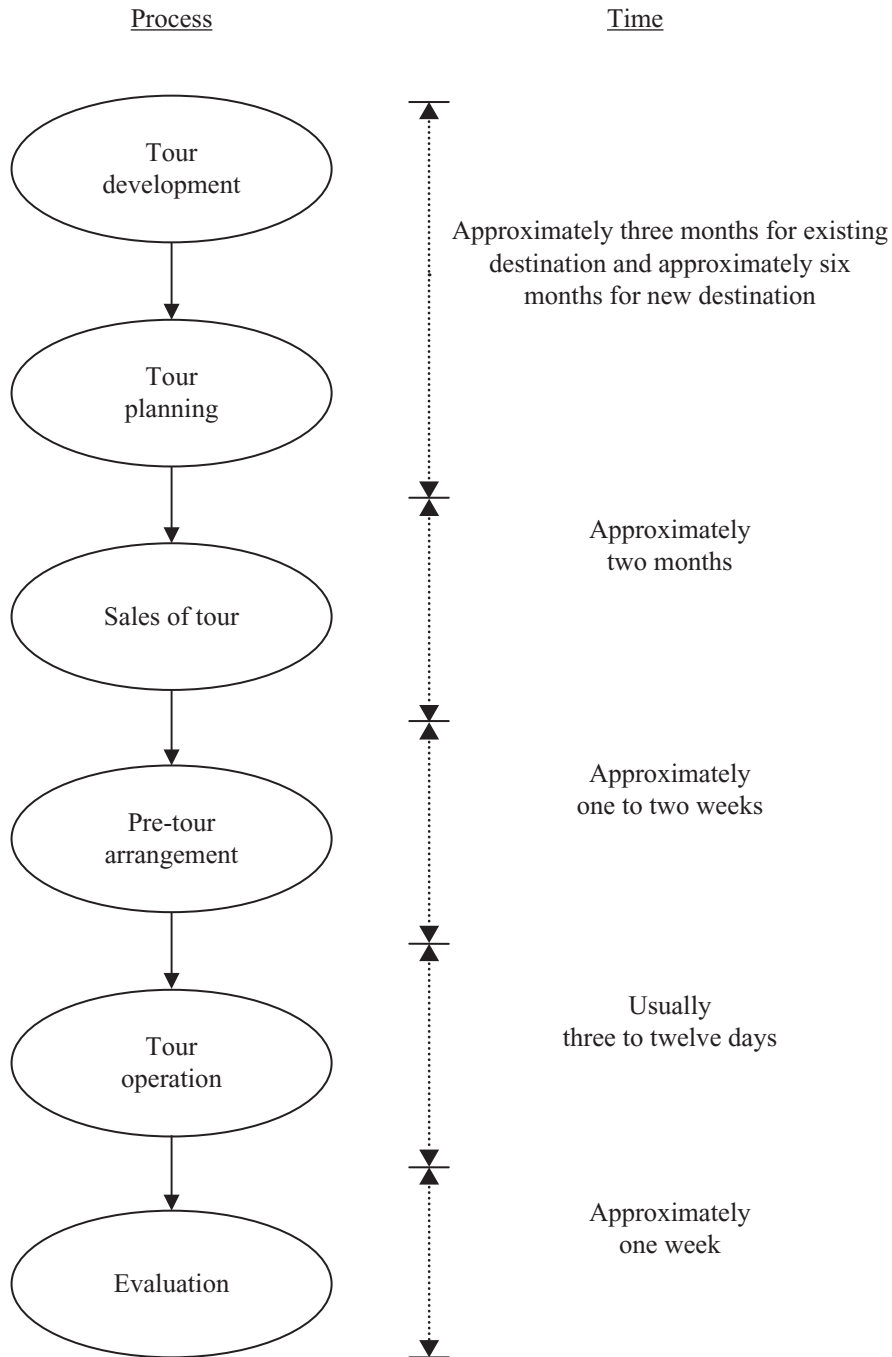
During the Track Record Period, most of our FIT products are bound for Japan, which accounted for approximately 82.0%, 86.2%, 81.3% and 80.6% of our revenue from FIT products for the years ended 31 March 2015 and 2016 and the three months ended 30 June 2015 and 2016 respectively.

Ancillary travel related products and services

We also offer ancillary travel related products and services to our customers. Our ancillary travel related products and services include admission tickets to attractions such as theme parks and shows, local transportation such as airport transportation, railway tickets and transportation passes, car rentals, prepaid telephone and internet cards, travel insurance and travel visa application.

OPERATION FLOW

The operation flow for our package tours can be illustrated by the following diagram:



Development of package tours

Under the supervision of our executive Directors, Mr. SK Yuen and Mr. CN Yuen, our product development and marketing department is responsible for the development of our package tours. We conduct researches on new and existing destinations from time to time to identify new travel elements to design and develop new package tours as well as to improve our existing

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package tours. For new destinations, we will consider factors such as market trends, customers' preference, local events or points of interest in destinations, promotion by local tourism associations, and whether the local facilities can support the smooth operation of tours. For existing destinations, we may revise the travel elements and itineraries in light of customers' feedback, suggestions from our tour escorts, land operators, market trends, updated information from local tourism associations, new additions of hotels and attractions, and special local events. We aim to continuously introduce new destinations (target to be one to two destination(s) per year) and new travel ideas so that our customers can broaden their travel experience. In developing new destinations and new travel ideas, we keep ourselves abreast of market trends and customers' preference, the opening of new attractions and points of interest in new destinations.

Tour planning

We usually plan our package tours semi-annually taking into account the availability of flight seats. Our major airline suppliers will allocate block seats to us for their series flights in advance half yearly. We also make reservation of seats for their non-series flights or charter flights in advance from time to time. In addition, we may place ad-hoc orders with our airline suppliers for additional flight seats or charter flights.

For our package tours bound for Japan (except Okinawa), we will 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 local travel elements. Our land operators are responsible for the tour operation at destination and will charge our Group a fixed sum which covers all the costs of the local travel elements. Our land operators usually recommend and prepare detailed itineraries for different seasons based on our specifications and requirements for our approval.

We select our suppliers such as hotel operators, restaurants and land transportation operators which meet our standard of quality and safety. We also require our land operators to select local travel elements which meet our standard of quality and safety. We assess our potential suppliers based on their quality of services, safety standards, responsiveness, reliability and pricing. We have in place on-going evaluation processes to monitor the performance of our suppliers through feedbacks from our tour escorts and tour participants.

After we have made the necessary arrangements, we will prepare the itineraries and notify TIC of our products. After approval by TIC, we will market and launch our products through our marketing and sales channels.

For MICE tours, our MICE tour department will design tailor-made package tours to our customers according to their special requirements and needs.

Our sales representatives and tour escorts will be briefed of our new package tours so that they can provide useful advice and assistance to our customers.

Sales of tour

When customers enrol in our package tours, they are required to pay a deposit at the time of booking. Our customers are required to settle the balance between ten to 30 days before departure depending on the types of tours and depending on whether it is peak or non-peak seasons pursuant to our terms of sales, regardless of whether the package tours have been confirmed. For cruise tours, our customers are required to settle the balance 100 days before departure. Peak seasons generally refer to Chinese New Year holidays, Easter holidays, school summer vacation in July and August, Japan's autumn leaves season and Christmas holidays.

Customers are not allowed to withdraw or cancel orders for tours enrolled without incurring a cancellation charge, unless in circumstances described below. Our package tours are usually confirmed around eight to 14 days before the date of departure. We may cancel our tours due to insufficient tour participants. We will inform our customers of the cancellation generally at least seven days prior to departure or 14 days prior to departure if the departure date falls within the Chinese New Year holidays. Our customers can either join another tour offered by us or cancel their booking and request for a full refund of all money paid for the tour (except individual visa application fees paid by customers).

In the events of occurrence of incidents or any "reasons beyond control" situations as defined in TIC directive number 177, such as hostilities, political unrest, terror attacks, natural disasters, etc. prior to the departure which we consider may pose threats to the safety of our customers, we may cancel the tours and notify the enrolled tour participants as quickly as possible in accordance with the relevant TIC directives. Similar to the cancellation of tours due to insufficient tour participants, the enrolled participants of tours cancelled by us due to threats to the safety can either join another tour offered by us or cancel their booking and we will make refunds to our customers in accordance with the relevant TIC directives.

Pre-tour arrangement

Once a tour is confirmed, we will make all necessary arrangements for the tour. For Japan bound tours (except Okinawa), we will make reservations for air tickets, tour buses, hotel accommodation, meals and admission to attractions. For Okinawa and other non-Japan bound tours, we will make reservations for air tickets and liaise with land operators for arrangement and operation of the tours including hotel accommodation, meals and local transportation at the destinations.

Tour operation

For Japan bound tours except Okinawa, we carry out the tour operation ourselves and arrange for hotels, local transportation, meals and sightseeing and other activities.

For Okinawa tours and non-Japan bound tours, the tour operation will be handled by our selected land operators with agreed arrangements for hotels, meals, local transportation and activities as required and approved by us before the engagement of the land operators for the specific tour.

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As at the Latest Practicable Date, we have 64 full-time tour escorts, who are our employees. During the Track Record Period, we hired freelance tour escorts from time to time, particularly during peak seasons. We will arrange one of our tour escorts to accompany each tour group throughout the tour to attend to our customers and will also see to the smooth operation of the tour. In the event of any issue arising from the operation of the tour or in case of emergency, our tour escort will be required to report to our tour operations department immediately and our tour operations department will assist our tour escort to resolve the issues.

Our tour escorts do not receive remuneration from us or the tour participants for their services rendered during the tours, but may, in accordance with the industry practice in Hong Kong, receive gratuity payment by the tour participants at the end of the tour on a voluntary and discretionary basis. We have been advised by the Japan Legal Advisers that the provision of guide services for our package tours bound for Japan by our tour escorts who receive no remuneration, but only discretionary gratuity from tour participants did not violate any relevant laws and regulations in Japan.

Evaluation

At the end of each tour, our customers are invited to complete an evaluation form on various aspects of our products and services to provide their comments. Our customer services and counter administration department will conduct phone interviews with randomly selected customers twice weekly to collect their feedback about the quality of our products and services. Our customers can also provide their feedback through our customer services hotlines or via our website and social media. Our tour escorts are also required to provide a tour completion report on the quality of the services of our suppliers, and the land operators and their arrangement of tours. This on-going evaluation process will enable us to continuously monitor the quality of the products and services by our suppliers and to improve our products and services.

FIT products and other travel related products and services

Our FIT department is responsible for the development, sales and operation of our FIT products. We monitor market trends, customers' preference and the availability and pricing of air tickets and hotel accommodation and develop FIT packages which usually consist of air tickets and hotel accommodation. We also source FIT products from other travel agents in order to provide a wider choice or competitive prices for our customers.

Our customers are required to pay a deposit upon the booking of our FIT products. We will then check with the suppliers as to the availability of the products and inform our customers accordingly. Our customers are required to make full payment within three days after we have confirmed availability or immediately if departure is less than three days. For purchase of air tickets through our online sales platform, we require customers to make full payment. If the requested products are not available, we will assist our customers to consider alternative products or we will make a full refund of all money paid by our customers.

In order to satisfy the needs of our customers, we also offer ancillary travel related products and services including admission tickets to attractions, local transportation, car rental, prepaid telephone and internet cards, travel insurance and travel visa application. Our customers are

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required to make full payment upon the purchase of our ancillary travel related products or services.

EMERGENCY HANDLING POLICY

We have in place internal control policy for handling emergencies occurring at the tour destinations to minimise the risk of personal injury to our customers and damage to their personal property. Upon the occurrence of any emergency events such as natural disasters, terrorist attacks, outbreak of infectious diseases, catastrophic events, issuance of any outbound travel alert or similar events posing potential threats to the safety of our customers, a crisis management command centre will be set up immediately comprising representatives from various departments, as led by the chairman of our Board and our chief executive officer to evaluate the situation and take all prompt and effective actions to cope with such emergency situation with the aim to protecting the life and property of our customers. Depending on the severity of the emergency situation, we will take such appropriate actions such as (i) cancellation of tours and make refunds to our customers in accordance with the relevant TIC directives; (ii) assisting our customers of FIT products to reschedule their itineraries subject to the cancellation policies of airlines and hotels; (iii) keeping contact with our tour escorts and land operators to ensure our customers are safe and that our customers will be afforded such assistance as may be required; (iv) keeping contact with our customers' emergency contact persons to keep them informed; (v) adjusting itinerary of the tours to avoid going to the affected areas; (vi) contacting the insurance company to provide assistance and, if necessary, arranging for the return of our customers to Hong Kong for medical treatment; (vii) arranging with airlines for early return of our customers to Hong Kong; and (viii) informing the TIC, the TAR, the Security Bureau and Immigration Department of the Hong Kong Government and the PRC Embassy in the affected destination to coordinate and render all necessary assistance to our customers.

SALES

Sales channels

We distribute our products through various platforms including our branches and online sales platforms. Our MICE tour department is responsible for the sales of MICE tours. We also sell package tours and FIT products to other travel agents in Hong Kong and package tours to other travel agents in Macau.

We set out below a breakdown of our revenue from sales of package tours by sales channels during the Track Record Period:

	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>HK\$'000</i>	%
Branches	424,216	94.0	420,532	94.7	109,657	94.1	69,892	87.0
Online sales platforms ^(Note)	2,115	0.5	3,035	0.7	1,021	1.0	5,991	7.5
MICE tour department	11,248	2.5	10,110	2.3	2,260	1.9	1,669	2.1
Other travel agents	<u>13,538</u>	<u>3.0</u>	<u>10,264</u>	<u>2.3</u>	<u>3,542</u>	<u>3.0</u>	<u>2,747</u>	<u>3.4</u>
Total	<u>451,117</u>	<u>100.0</u>	<u>443,941</u>	<u>100.0</u>	<u>116,480</u>	<u>100.0</u>	<u>80,299</u>	<u>100.0</u>

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Note: During the Track Record Period, we offered promotional sales of our travel products through online group buying intermediaries, and during the three months ended 30 June 2016, we also offered package tours through the online sales platform at our website for booking by our customers, which generated revenue of approximately HK\$5.9 million.

Branches

As at the Latest Practicable Date, we operated four branches in Hong Kong located in Shatin, Mongkok, Tsim Sha Tsui and Causeway Bay. Customers can call at our branches to make enquiries, booking and purchases of our products. Our sales representatives at our branches provide professional assistance and advice to customers to address to their needs and preferences. We leased another property unit to expand the space of our existing Shatin branch to offer a more relaxing and pleasant environment to our customers and to cope with our future operation, which commenced operation in November 2016.

We relocated our Causeway Bay branch to a larger unit in February 2015 to cope with the expansion of our operations. Save for the aforesaid, we did not relocate any of our other branches during the Track Record Period.

Online sales platforms

In April 2016, we launched an online sales platform at our website. Our existing online sales platform allows our customers to (i) check the availability and pricing of our package tours, air tickets and some of our ancillary travel related products; (ii) make booking of our package tours; (iii) make purchase of air tickets with real time confirmation; (iv) make purchase of certain ancillary travel related products; and (v) view real time information on the availability and pricing of hotel accommodation and make purchase and booking with real time confirmation by visiting our website (www.wwpkg.com.hk). We have engaged an independent software developer to develop and enhance our online sales platform with an integrated booking system. Our online sales platform, when fully completed, is expected to further enable our customers to (i) make purchase of “ticket plus hotel” FIT packages with real time confirmation; (ii) make full payment for, and change their booking of, package tours; and (iii) chat online with our sales representatives for assistance. Our full servicing online sales platform will be completed in the first half of 2017.

We have from time to time offered promotional sales of our travel products through online group buying intermediaries.

MICE tour department

Our MICE tour department is responsible for the design and sales of tailor-made package tours to our customers according to their special requirements and needs.

Other travel agents

We sell package tours and FIT products to other travel agents in Hong Kong and package tours to other travel agents in Macau.

Payment

For our package tours and MICE tours, we require our customers to make full payment between ten to 30 days prior to the date of departure depending on the types of tours and

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depending on whether it is non-peak or peak seasons. For cruise tours, customers are required to settle the balance 100 days before departure. We accept payment by cash, cheque (subject to clearance), electronic payment system (“EPS”), credit cards, PPS payment and bank remittance. If a customer decides to cancel the booking, we will charge a cancellation fee ranging from half of the deposit paid up to full payment of the tour depending on the number of days remaining prior to the departure and depending on the type of tours, and refund the balance, if any, to the customer.

For FIT products, our customers are required to make full payment within three days after we have confirmed the availability with customers or immediately if departure is less than three days. Once the booking for FIT products is confirmed, no refund will be made if it is subsequently cancelled by the customers. For purchase of air tickets through our online sales platform, we require customers to make full payment.

No refund will be made for cancellation of FIT products by customers during peak seasons. For air tickets for travelling during non-peak seasons, subject to the cancellation policies of and deductibles levied by the airlines, we will refund the balance, if any, to the customer after deducting a fixed handling fee. For hotel accommodation for occupation during non-peak seasons, we will charge a cancellation fee ranging from a fixed fee up to the full cost of accommodation depending on the number of days remaining prior to the check-in date, and refund the balance, if any, to the customer.

For our promotional sales of travel products through online group buying intermediaries, customers will make payment to the online group buying intermediaries and obtain redemption vouchers with which they can redeem our products within the specified redemption period. After the end of a redemption period, the online group buying intermediary will provide us a redemption report. Upon checking of the redemption report, we will submit our payment request to such online group buying intermediary which will then arrange payment to us.

Pricing

We generally determine the selling price of our travel products on a cost-plus basis.

For package tours, we determine the selling price based on the cost of travel elements. For Japan bound tours (except Okinawa), our major cost of travel elements include the costs of air tickets, hotel accommodation, local transportation, meals and admission tickets to attractions. For Okinawa and non-Japan tours, our major cost of travel elements include the costs of air tickets and land operator. We will 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, the exchange rate of Japanese Yen. When determining the prices of our Japan package tours (except Okinawa), we generally will add a margin to the estimated land costs denominated in Japanese Yen when translating them to Hong Kong dollars, in order to cushion any appreciation in exchange rate before the next price review. We review the price of our package tours on a regular basis, generally twice every week.

We are required to notify and obtain approval from TIC of our package tours including the itinerary and price range before we are allowed to launch the package tours into market. If we subsequently increase the price of our tour within the price range approved by TIC, customers who

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have already booked the tour will not be required to pay the difference. If we reduce the price of the tour subsequently, we will return the difference to our customers who have made booking before the reduction of tour price. For the years ended 31 March 2015 and 2016 and the three months ended 30 June 2016, price per person of our Japan bound package tours generally ranged from approximately HK\$4,000 to approximately HK\$63,000, approximately HK\$4,300 to approximately HK\$50,000 and approximately HK\$4,500 to approximately HK\$46,000 respectively, with an average of approximately HK\$10,000, HK\$10,000 and HK\$8,900 respectively. For the years ended 31 March 2015 and 2016 and the three months ended 30 June 2016, price per person of our non-Japan bound package tours generally ranged from approximately HK\$900 to approximately HK\$22,000, approximately HK\$700 to approximately HK\$42,000 and approximately HK\$1,000 to approximately HK\$37,000 respectively, with an average of approximately HK\$5,000, HK\$4,200 and HK\$4,700 respectively.

For MICE tours, we design and prepare itinerary in accordance with customers' requirements and determine the price on a cost-plus basis. We are not required to notify or obtain approval from TIC for MICE tours.

Seasonal factors

The travel industry business is inherently seasonal. Demand for our products will generally increase during holiday periods such as Chinese New Year, Easter, schools summer holiday in July and August and Christmas. Moreover, demand for our Japan bound tours will generally increase in October due to the "Autumn leaves" season in Japan. The prices of our products and thus our revenue are generally higher in peak seasons than low seasons. As such, our operating results are subject to fluctuations due to seasonal factors from period to period.

MARKETING AND PROMOTION

Our marketing strategy focuses on brand awareness and promotion of our products and services. Our total advertising and promotion expenses were approximately HK\$5.5 million, HK\$8.0 million, HK\$1.6 million and HK\$2.1 million for the years ended 31 March 2015 and 2016 and the three months ended 30 June 2015 and 2016 respectively.

We have advertised and promoted our brand and products through a number of channels:

Media advertising

We have sponsored television travel programmes and films to increase our brand awareness and to arouse potential customers' interests in attractions of various travel destinations. We sponsored two series of television travel programme that broadcasted in April and November 2016 respectively which have received positive review and which we believe have enhanced our brand awareness. We have also appointed the host of the television programmes as our spokesperson as part of our marketing schemes.

We place advertisements in travel magazines, newspapers and public transportation to promote our products. We also market and promote our brand and products on social media.

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Tourism fairs and travel seminars

We participate in tourism fairs to promote our products. We also organise travel seminars to provide information on our package tours.

Branch display

Our branches also serve as a channel for marketing of our products. Eye-catching posters are displayed at prominent areas of our branches. Flyers, brochures and leaflets with information on our products are available for our customers.

We maintain a website which hosts information about our products and services and useful travel information and tips to our customers. Customers can view and download the itineraries and price lists for our package tours and leaflets for our FIT products. We have also prepared a series of brochures introducing various travel destinations available for download by our customers.

Membership system

We launched our existing membership system in February 2016. Customers who enrol as a member will accumulate points upon purchase of our products and services. These points can be redeemed to offset the price of certain products and services. A portion of the revenue from the sales of package tours is allocated to the points based on the fair value of the points (which represents the monetary value of our services/products that can be redeemed with the points based on the rules of our membership system and estimated redemption rate). Revenue allocated to the points is deferred until the points are redeemed or expired. As at each balance sheet date, the fair value of remaining points are recorded as deferred revenue. As the amount of such deferred revenue is immaterial during the Track Record Period, no separate disclosure has been made in the Accountant's Report. Members will receive our newsletters from time to time to keep abreast of our latest promotion, and products and services. As at the Latest Practicable Date, we had over 10,400 members.

Discounts

We may offer early-bird discounts or other promotional discounts to our customers to encourage booking of our tours. We partner with a bank in Hong Kong and offer discounts to customers who settle their purchase with the credit card issued by the bank.

SUPPLIERS

Our suppliers mainly include airlines, land operators, tour bus and other local transportation operators, hotel operators, travel agents, restaurants and attraction operators.

Purchases from our single largest supplier accounted for approximately 42.5%, 40.1% and 31.2% of our total purchases for the years ended 31 March 2015 and 2016 and the three months ended 30 June 2016 respectively, whilst purchases from our five largest suppliers accounted for approximately 54.4%, 54.0% and 43.5% of our total purchases for the years ended 31 March 2015 and 2016 and the three months ended 30 June 2016 respectively.

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Below is a summary of the principal terms of our arrangement with our major suppliers.

	Suppliers		
	Airlines	Land operators	Tour bus operators
Terms of arrangement	We may reserve block seats, charter flights or ad hoc purchase of flight seats, terms of purchase depends on airlines, the type of purchase and whether it is peak season	We generally enter into service agreement which sets out the obligations of our land operators including ensuring the local travel elements meet our requirements such as compliance with local laws, maintaining insurance, safety standard, and other matters	We may enter into agreement with tour bus operators for charter tour buses or may make ad hoc orders for tour buses
Length of term and termination clause	Not applicable	Generally one year and may be terminated by one month notice	Not applicable
Minimum purchase commitment	Nil	Nil	Nil
Payment term	Varies depending on different types of booking and terms offered by the airlines. Generally, deposits are required for block reservation and full payment before departure. Full payments are normally required for charter flights and ad-hoc purchases	Generally settle after the month end statement	Generally settle after the month end statement

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	Suppliers		
	Airlines	Land operators	Tour bus operators
Payment method	Generally by cheques, telegraphic transfer and via IATA settlement system	Generally by telegraphic transfer	Generally by telegraphic transfer

Note: During the Track Record Period, we did not enter into any framework agreements with the tour bus operators, except for JCS. For details, please refer to “Connected Transactions”.

During the Track Record Period, we procured the supply of tour bus service from JCS, one of the five largest suppliers during the Track Record Period and a connected person of our Company, under a service agreement to secure the stable supply of tour bus services for our tour operations in Japan. Under the service agreement, JCS committed the supply of tour bus service including four charter tour buses in Japan. The service agreement was to continue in force until terminated by mutual agreement. Our Directors confirm that during the Track Record Period, we had not breached any material terms of the service agreement. The service agreement was replaced by a services framework agreement entered into between our Group and JCS on 21 December 2016. For further details of the services framework agreement, please refer to “Connected Transactions”.

We did not enter into long-term agreement with purchase obligation with our suppliers during the Track Record Period in order to maintain flexibility in our planning of our package tours and other travel products.

The table below sets out the background information of our five largest suppliers during the Track Record Period:

For the year ended 31 March 2015

<u>Name of supplier</u>	<u>Purchase amount</u> <i>(HK\$'000)</i>	<u>% of total purchases</u>	<u>Background</u>	<u>Approximate years of business relationship</u>
Supplier Group A ^(Note 1)	184,908	42.5	Airline group based in Hong Kong	Over 20
Supplier B	19,878	4.6	Land operator in South Korea	Over 10
JCS ^(Note 2)	12,314	2.8	Bus operator in Japan	Over 4
Supplier C	12,306	2.8	Low-cost carrier based in Hong Kong	Over 2
Supplier D	<u>7,474</u>	<u>1.7</u>	Bus operator in Japan	Over 3
	<u>236,880</u>	<u>54.4</u>		

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For the year ended 31 March 2016

<u>Name of supplier</u>	<u>Purchase amount</u> <i>(HK\$'000)</i>	<u>% of total purchases</u>	<u>Background</u>	<u>Approximate years of business relationship</u>
Supplier Group A ^(Note 1)	167,935	40.1	Airline group based in Hong Kong	Over 20
Supplier C	22,611	5.4	Low-cost carrier based in Hong Kong	Over 2
JCS ^(Note 2)	13,622	3.2	Bus operator in Japan	Over 4
Supplier B	12,150	2.9	Land operator in South Korea	Over 10
Supplier E	10,278	2.4	Airline based in Japan	Over 15
	<u>226,596</u>	<u>54.0</u>		

For the three months ended 30 June 2016

<u>Name of supplier</u>	<u>Purchase amount</u> <i>(HK\$'000)</i>	<u>% of total purchases</u>	<u>Background</u>	<u>Approximate years of business relationship</u>
Supplier Group A ^(Note 1)	25,601	31.2	Airline group based in Hong Kong	Over 20
JCS ^(Note 2)	3,765	4.6	Bus operator in Japan	Over 4
Supplier B	2,249	2.7	Land operator in South Korea	Over 10
The Agent	2,222	2.7	Travel agent located in Hong Kong	Over 13
Supplier C	1,943	2.3	Low-cost carrier based in Hong Kong	Over 2
	<u>35,780</u>	<u>43.5</u>		

Notes:

- (1) Supplier Group A includes Supplier A1 and Supplier A2, both of which are airline operators based in Hong Kong. To the best of our Directors' knowledge, Supplier A1 is an international airline and Supplier A2 is a regional airline; and Supplier A2 is a wholly-owned subsidiary of Supplier A1.

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(2) JCS is 100% beneficially owned by Mr. Yuen Chun Yu Adrian, who is a son of Mr. SK Yuen and Ms. Chan, our executive Directors. JCS is therefore a connected person of our Company.

Supplier Group A was our largest supplier in each of the years ended 31 March 2015 and 2016 and the three months ended 30 June 2016. Purchases from Supplier Group A accounted for approximately 42.5%, 40.1% and 31.2% of our total purchases for the years ended 31 March 2015 and 2016 and the three months ended 30 June 2016 respectively. We sourced air tickets from Supplier Group A for our business operations. Our Directors are of the view that our substantial purchase amounts with Supplier Group A during the Track Record Period is mainly due to the following reasons:

- (i) Supplier Group A had been the world's third largest airline by market capitalisation according to IATA and has a track record of providing quality services. Supplier A1 has won numerous international awards including World's Best Airline four times by Skytrax, an international air transport rating organisation; and the world's new leading airline in terms of its safety record for two consecutive years in 2015 and 2016 by Jet Airliner Crash Data Evaluation Centre, a German organisation providing global safety analysis about commercial aviation. Supplier A2 was awarded World's Best Regional Airline and Best Regional Airline in Asia three times by Skytrax;
- (ii) Supplier Group A is the largest airline group based in Hong Kong which operated frequent flights to most of the destinations for which our package tours and FIT products were bound; and
- (iii) we have established business relationship with Supplier Group A for more than 20 years and have not experienced any material non-performance by Supplier Group A which caused disruption to our operation.

For the risk associated with our reliance on Supplier Group A, please refer to "Risk Factors".

Since Supplier Group A is a major and reputable airline, as part of our commitment for customer satisfaction, we will continue our business relationship with Supplier Group A as our major airline supplier. Despite our reliance on Supplier Group A, our Directors are of view that our business is sustainable for the following reasons:

- (i) we have generally maintained good business relationship with Supplier Group A for over 20 years. It is expected that Supplier Group A will continue the business relationship with us. We have received top agent awards from Supplier Group A for 15 consecutive years since 2001. In light of the long established business relationship and our satisfactory performance, our Directors are of the view that the risk of Supplier Group A terminating the supply of air tickets to us is low;
- (ii) we have maintained good business relationship with other regional and international airlines which also operate flights to destinations for which our package tours and FIT products were bound. During the Track Record Period, we also sourced air tickets from our other airline suppliers for our business operations. Apart from Supplier Group A, two airlines became our five largest suppliers for the year ended 31 March 2016. In the event of Supplier Group A terminating the supply of air tickets to us for whatever

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reasons, our Directors believe that we would be able to obtain adequate supply of air tickets necessary for our business operations from other airlines.

Other than JCS, none of our Directors or their respective close associates or any of our existing Shareholders who own more than 5% of our issued share capital, has any interest in our remaining five largest suppliers during the Track Record Period. Save for JCS, all of our other five largest suppliers during the Track Record Period are Independent Third Parties.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any material non-performance by our suppliers which caused disruption to our operation.

INVENTORY

Our Group's inventories mainly represent admission tickets to attractions and local transportation passes. We generally determine the amount of admission tickets to attractions and local transportation passes to be purchased from suppliers based on a number of factors, including the minimum purchase amount required by the respective suppliers, whether the tickets and passes are exchangeable upon expiry, whether there will be any promotion event, our historical usage and our intended level of minimum inventory balance. We will regularly review our inventory level and adjust our inventory purchases to avoid over-stocking. Our tour operations department will prepare a summary of the inventory level with the proposed procurement quantity for approval by our executive Director.

Some of the admission tickets and local transportation passes are exchangeable once for new tickets or passes in case they are not used prior to their expiry date. During the Track Record Period, we did not record any impairment of inventories.

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. We set out below a breakdown of our revenue from sales of package tours by types of customers during the Track Record Period:

	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>	%
Retail customers	437,579	97.0	433,677	97.7	112,939	97.0	77,552	96.6
Other travel agents	13,538	3.0	10,264	2.3	3,542	3.0	2,747	3.4
	451,117	100.0	443,941	100.0	116,481	100.0	80,299	100.0

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. All our five largest customers during the Track Record Period are Independent Third Parties.

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During the Track Record Period, we procured certain FIT products from one of our five largest customers for the years ended 31 March 2015 and 2016, which is a travel agent located in Hong Kong (the “**Agent**”) and on the other hand, the Agent also procured package tours and FIT products from our Group. We would occasionally procure products from other travel agents when we cannot source FIT products ourselves because of the shortage of supply in the market, on urgent basis, or at better prices, and likewise for other travel agents (the “**Arrangement**”). None of our five largest customers for the three months ended 30 June 2016 was our supplier for the same period.

Sales invoice amount of our package tours and FIT products with the Agent amounted to approximately HK\$0.3 million, HK\$6.8 million and HK\$0.1 million for the years ended 31 March 2015 and 2016 and the three months ended 30 June 2016 respectively, representing approximately 0.1%, 1.3% and 0.1% of our total sales invoice amount for the corresponding year/period. The gross margin of such sales to the Agent was approximately 12.0%, 23.6% and 2.1% for the years ended 31 March 2015 and 2016 and the three months ended 30 June 2016 respectively.

Our purchase of the FIT products from the Agent for the Track Record Period amounted to approximately HK\$6.7 million, HK\$7.4 million and HK\$2.2 million respectively, representing approximately 1.6%, 1.8% and 2.7% of our total purchase for the corresponding year/period.

Our Directors consider that the Arrangement is a normal industry practice and is mutually beneficial to our Group and other travel agents as our Group and other travel agents could source the products or obtain at better prices.

None of our Directors or their respective close associates or any of our existing Shareholders who owns more than 5% of our issued share capital, has any interest in our five largest customers during the Track Record Period.

CREDIT POLICY

Our customers are mainly retail customers who purchase our package tours, FIT products and ancillary travel related products and services. We also sell to other travel agents, which mainly purchased FIT products from us. We generally do not extend credit to our customers.

During the Track Record Period and up to the Latest Practicable Date, we had only approved monthly billing and settlement arrangement with one travel agent after taking into consideration the years of business relationship with the travel agent, and the creditworthiness and payment history of the travel agent. We did not record any impairment of trade receivables during the Track Record Period.

CASH AND TREASURY MANAGEMENT

Cash management of payments received from customers

We require our sales representatives to hand over all cash and cheques received from customers to their respective branch supervisor or assistant branch supervisor, who will login to the tour operating system using his/her designated unique staff code and generate the receipt form with his/her staff code printed on it, and keep the cash and cheques in a safe or locked drawer. At the end of each day, the branch supervisor or assistant branch supervisor of each branch will

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ensure that all the payment received from customers (including cash and cheques) tally with the sales records maintained in our booking and sales system and the official receipts issued to customers. The cash and cheques must be deposited into our Group's bank account on the next banking day; and a copy of the bank-in slip must be provided to our accounts department on the same day. The original bank-in slip together with other documents such as official receipts and electronic payment slips will be delivered to our accounts department on a daily basis on working days; and our accounting staff will be responsible for checking the amounts of payment received agree with that recorded in the official receipts, our bank accounts and booking and sales system.

Cash management of advances to tour escorts for tour operations

For our package tours bound for Japan (except Okinawa), we may need to settle the costs of some of the travel elements such as hotel accommodation, meals, admission tickets and local transportation by way of cash during the tour. As such, we make cash advances to our tour escorts to enable them to settle such tour operation expenses.

Within three working days prior to the departure of each tour, our accounts department will estimate the tour operation expenses based on the itinerary of each tour and will make a cash advance in Japanese Yen ("**Expense Cash**") generally equal to 80% of the estimated tour operation expenses to our tour escort responsible for the tour, who will sign on a receipt form. When our tour escort uses the Expense Cash to settle the tour operation expenses, he/she is required to obtain original receipts for the payment. Within three working days after the tour, the tour escort is required to submit tour expenses summary sheets to our accounts department containing details of all the actual expenses he/she has settled during the tour together with all original receipts and any balance of the Expense Cash. The tour expenses summary sheets will be independently checked by two of our accounting staff and then submitted to our chief accountant for approval. If the actual tour operation expenses exceed the Expense Cash, our accounts department will reimburse the tour escort the excess amount after approval by our chief accountant. Details of all Expense Cash and balance received or excess reimbursed will be recorded in a monthly statement of cash movement log for review by our finance manager.

During the Track Record Period and up to the Latest Practicable Date, we did not make cash advance to our employees other than the aforesaid Expense Cash arrangement and we did not experience any case of misappropriation or unauthorised usage of funds by our tour escorts or employees.

Cash management of gratuity receivable by our Group and collected by tour escorts

Our tour escorts are required to return to our Group the portion of the gratuity paid by tour participants and which is receivable by us normally within three days after each tour. In the event that any tour participant has decided not to pay the recommended gratuity, our tour escort is required to request the tour participant to sign an acknowledgement that the tour participant is not willing to pay the recommended gratuity. We will record the actual amount of gratuity returned by the tour escort in gratuity log book that is counter signed by the tour escort and keep the acknowledgement signed by the tour participants. The amounts of gratuity received by the tour escort can then be ascertained and will be recorded in a separate log sheet for the individual tour

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escort. At the end of each quarter, our accounts department will refer to the log sheet for the total amount of gratuity received by the tour escort during the quarter for the purpose of determining whether any shortfall is payable to the tour escort in order to meet the minimum wage level. During the Track Record Period and up to the Latest Practicable Date, none of our tour escorts had reported to us on any incident of our tour participants declining to pay the recommended gratuity, and we had received all gratuity receivable by us from our tour escorts.

QUALITY CONTROL

Suppliers

We believe that our ability to offer quality products and services is one of major factors for our success. We have in place stringent policy for selection of our suppliers and closely monitor the performance of our suppliers. Our executive Directors, Mr. SK Yuen and Mr. CN Yuen, and product development and marketing department will assess and evaluate our potential and existing suppliers based on their quality of services, safety standards, responsiveness and reliability.

For our Okinawa tours and non-Japan bound tours, we engage land operators to arrange the tour operation. In selecting land operators, we will make enquiries with tourism boards of the tour destinations for suitable candidates to ensure they have the requisite licence for their operation. We will then consider the land operators' track record, any negative incidents, the contents of the travel elements and the price. We will then conduct site visits to assess their suitability. We usually select more than one land operator for each destination.

We monitor the quality of our land operators and other service providers by requiring our tour escorts to report to us any under-performance, departure from the agreed itineraries or our required standard of services and safety both during the tour and after the end of the tour by submitting to us a tour completion report.

For Japan bound tours (except Okinawa), we will select each travel elements such as hotels, restaurants and local transportation to assess their suitability based on elements such as their quality, safety, cleanliness and location.

Similarly, we monitor the quality of the products and services provided by our suppliers for Japan bound tours (except Okinawa) by requiring our tour escorts to report to us on any quality issues on the products and services provided by our suppliers during and after the end of the tour.

Recognising the importance of customer satisfaction for our continuous success, we take into account our customers' feedback in our assessment of the quality of the products and services of our suppliers. We invite our customers to complete a detailed evaluation form at the end of the tour for their comments on various aspects of the travel elements in the tour. We also conduct phone interviews with randomly selected customers twice weekly and collect their feedback about the quality of our products and services.

Tour escorts

To ensure the safety and enjoyment of our tour participants, we have adopted stringent quality control measures on our tour escorts. Our newly recruited tour escorts are required to undergo comprehensive training on skills, knowledge of our products and services, customer care

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and attention, and safety and emergency handling. Our tour escorts are also subject to continuing training and periodic appraisals.

Our freelance tour escorts are required to meet our standard of services as we would require from tour escorts employed by us. We carefully select our freelance tour escorts to ensure that they are competent to serve our customers.

We also monitor and assess the quality of our tour escorts based on our customers' feedback obtained from the customer evaluation form, phone interviews and other channels.

We believe our on-going evaluation process will enable us to continuously monitor the quality of our products and services and to improve our products and services accordingly.

CUSTOMER CARE AND COMPLAINT HANDLING

We are committed to providing high quality products and services to our customers, and have provided various means for our customers to provide feedback and suggestion, such as customer evaluation form and phone interviews.

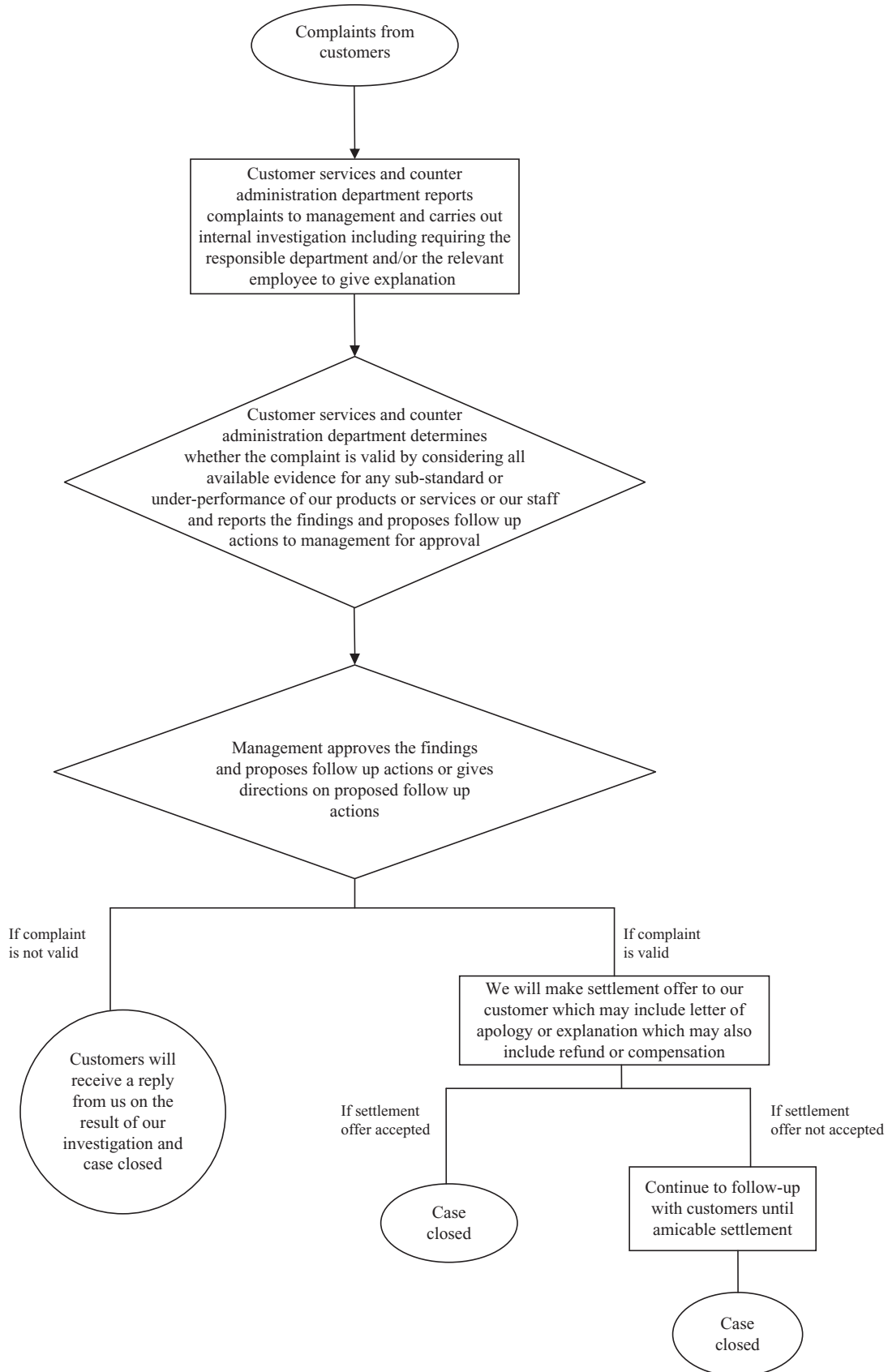
In addition, we maintain customer service hotlines for our customers to make enquiries and our customer services representatives will answer their enquiries in professional manner. We have also make available message boards at our website and social media for our customers to leave their comments.

Complaints

Customer satisfaction is our core value and we treat our customers' feedback and suggestion seriously. We have in place a complaint handling system which we strive to resolve any dissatisfaction by our customer in an amicable manner acceptable to our customers.

BUSINESS

The following flow chart illustrates our complaint handling procedures:



BUSINESS

Instead of making complaints to us directly, customers may lodge their complaints with the TIC. Our complaint handling procedures for complaints made to TIC is the same, except that we will not contact the customers directly but will strive to resolve the matters with customers via TIC, which will be the contact point for the customers and our Group.

We received 118, 139 and 31 cases of complaints in the years ended 31 March 2015 and 2016 and the three months ended 30 June 2016 respectively from customers directly and TIC. These complaints were generally with regards to itinerary or pricing of package tours, services of tour escorts or staff, tour arrangements, quality or arrangements of ancillary travel related products or services, and other matters unrelated to our products or services. We did not receive any complaints via Consumer Council during the Track Record Period.

	Year ended 31 March		Three months ended	Total
	2015	2016	30 June 2016	
Complaints received by us directly	78	114	29	221
Complaints received from TIC	40	25	2	67
Total	118	139	31	288

Amongst these 288 cases of complaints, 116 cases were related to itinerary or pricing of package tours, 49 cases were related to services of tour escorts or staff, 60 cases were related to tour arrangements, 26 cases were related to quality or arrangements of ancillary travel related products and services, 26 cases were complaints unrelated to our products or services such as complaints in relation to the souvenirs bought by customers in tour destinations, and 11 cases were related to more than one of the abovementioned categories.

Amongst the 221 cases of complaints received by us directly during the Track Record Period, (i) 178 cases were resolved after our letter of apology or explanation and did not involve any monetary payment; and (ii) 43 cases were resolved involving aggregate monetary settlement of approximately HK\$40,000.

Amongst the 67 cases of complaints received from TIC during the Track Record Period, (i) 43 cases were resolved after our letter of apology or explanation and did not involve any monetary payment; (ii) 20 cases were resolved involving aggregate monetary settlement of approximately HK\$49,000; and (iii) four cases were still outstanding as at the Latest Practicable Date.

Our Directors are of the view that none of the complaints (including the four outstanding cases received from TIC) would have any material adverse effect on our business, results of operation or financial position.

INFORMATION SYSTEM

We utilise computerised information system such that all the booking and sales of our tours are centralised and conducted electronically. This means that all our sales representatives from different branches can check the enrolment status and availability of tours on a real time basis. The information system enables us to conduct our sales efficiently and to monitor and evaluate our business operations in a systematic and accurate manner. We have firewalls, virus protection and intrusion protection for our computerised information system.

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Our systems such as our operating system and online sales platform were developed and maintained by third party information technology providers. We also subscribe for GDS, which enables us to check for availability of air tickets and to make booking on a real time basis. Our GDS service provider makes available the necessary equipment and software to enable us to access GDS for air tickets information and booking. Our information technology department serves as the contact point with those information technology providers for ensuring all our systems and applications are running optimally and securely.

Any interruption or termination in the services or deterioration in the performance of our GDS service provider or information technology providers may seriously disrupt our business operation, our service quality and our ability to offer our products and services to our customers. For the risks associated with our reliance on third party providers on information technology systems and services, please refer to “Risk Factors — 1. Risks relating to our Group’s business — 1.22 We rely on third party service providers on information technology systems and services”.

For the Track Record Period, the aggregate service and maintenance fees paid to our third party information technology providers were approximately HK\$163,000, HK\$163,000 and HK\$47,000 respectively. The aggregate annual service and maintenance fees after Listing is expected to be approximately HK\$373,000, of which the increment of approximately HK\$210,000 represents the annual support and maintenance fees for our fully developed online sales platform after the expiry of the first year maintenance period.

As part of our goal to continue to upgrade our information system to improve our operational efficiency, we have engaged an independent software developer to develop and enhance our online sales platform with an integrated booking system. Our online sales platform, when fully developed, is expected to further enable our customers to (i) make purchase of “ticket plus hotel” FIT packages with real time confirmation; (ii) make full payment for, and change their booking of, package tours; and (iii) chat online with our sales representatives for assistance.

INSURANCE

As at the Latest Practicable Date, we maintained various insurance policies relating to our business operation, and our employees. Below is a summary of major insurance taken out by us relating to our business operation and our employees:

<u>Insurance</u>	<u>Coverage</u>	<u>Maximum liability</u>
Employees’ compensation insurance	Compensation for bodily injury, disease or death arising out and in the course of employment	HK\$200,000,000 for any one accident or disease in Hong Kong
Public liability insurance	Accidental bodily injury or damage to property to third parties	HK\$10,000,000 for any one accident in Hong Kong
Professional indemnity insurance	Liabilities arising from our business operation as travel agent and tour operator	Up to HK\$10,000,000 in aggregate

BUSINESS

We also maintain insurance policy to cover our office contents, business interruption, and loss of money. For our employees, we have also taken out group medical insurance which enables our employees to recover parts of the medical expenses incurred by our employees.

We also require our tour escorts employed by us to maintain insurance cover for their protection while they are accompanying the tours outside Hong Kong.

For our customers

As part of our commitment to quality services, we maintain group travel insurance free of charge for our customers with maximum cover of up to HK\$100,000 for accidental death and permanent disability and up to HK\$200,000 for personal liability for bodily injury or accidental damage to property to third parties. Our customers are also required to take out travel insurance for their own protection when they book our tours with maximum cover of up to HK\$1,200,000 (or HK\$600,000 for tours bound for China) for accidental death and permanent disability and up to HK\$2,000,000 for personal liability. We are an insurance agent registered with an insurance company and are authorised to market and sell travel insurance to our customers.

Travel Industry Compensation Fund

In addition, TICF provides protection to outbound travellers. For further information on TICF, please refer to “Laws and Regulations — Laws and regulations in Hong Kong — The TIC — Travel Industry Compensation Fund”.

Our Directors believe that the insurance cover taken out by us is adequate for our operations and is in line with the normal industry practice in Hong Kong. During the Track Record Period and up to the Latest Practicable Date, we were not subject to any claim or liability of material nature or extent.

HEALTH AND WORK SAFETY

We consider our staff is our most valuable asset and their health and work safety are always one of our main concerns. We maintain employees’ compensation insurance and group medical insurance for our employees.

Our senior management will closely supervise the compliance of the applicable laws relating to work safety. We have in place a safety management system in order to reduce the risks relating to work safety.

During the Track Record Period and up to the Latest Practicable Date, we have not been subject to any material claim or penalty in relation to health and work safety by our employees.

INTELLECTUAL PROPERTY

As at the Latest Practicable Date, we were the registered owner of six trademarks in Hong Kong. We have also filed one and six trademark applications in Hong Kong and the PRC respectively.

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As at the Latest Practicable Date, we were the registered owner of the following domain name: www.wwpkg.com.hk.

For details of our Group's intellectual property rights, please refer to "Statutory and General Information — B. Further information about our business — 2. Intellectual property of our Group" in Appendix IV to this prospectus.

To the best of our Directors' knowledge and belief, during the Track Record Period and up to the Latest Practicable Date, there was no infringement of our intellectual property rights by any third party.

EMPLOYEES

As at the Latest Practicable Date, our Group had a total of 163 employees based in Hong Kong. Set out below is a breakdown of our employees by function:

<u>Function</u>	<u>Number of employees</u>
Directors	3
Product development and marketing	17
Counter sales and customer services	28
FIT operations	17
Tour operations	15
Tour escorts	64
Accounts	11
Human resources, information technology and general administration	8
Total	<u>163</u>

During the Track Record Period, we engaged the services of freelance tour escorts for some of our tour operations. These freelance tour escorts were self-employed persons. We require all freelance tour escorts to possess valid tour escort permit and to meet the standard of services as we would require from tour escorts employed by us.

During the Track Record Period and up to the Latest Practicable Date, we did not have any material labour disputes with our employees.

Remuneration

The remuneration of our employees includes salaries and other staff benefits. Our tour escorts do not receive remuneration from our Group or tour participants for their services provided during the tour, but may receive gratuity paid by tour participants on a discretionary and voluntary basis for the tours they accompany. Our full-time tour escorts are required to perform sales and customer services function at our branches when they are not guiding tours and may receive commission for selling travel insurance. We do not pay other remuneration to our full-time tour escorts. However, in order to satisfy the minimum wage requirement in Hong Kong, we will pay the shortfall to our tour escorts if their aggregate income generated from the gratuity paid by the tour participants and the commission for selling travel insurance, if any, is less than the minimum wage level.

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For the years ended 31 March 2015 and 2016 and the three months ended 30 June 2015 and 2016, our total staff costs (including Directors' remuneration) amounted to approximately HK\$26.0 million, HK\$28.3 million, HK\$6.2 million and HK\$7.2 million respectively.

Recruitment

In order to cope with our expansion, we will continue to look for suitable and talented employees to join our Group. Our recruitment selection is based on a number of factors such as qualification, industry knowledge and experience, personality and initiative.

We place recruitment advertisements in newspapers and online employment platforms. For senior management posts, we may engage human resources firms to source and select candidates of high calibre.

Training

To ensure the high quality of services, we provide suitable training to our employees according to their function. For our sales representatives, we provide three-day in-house induction programme prior to their commencement of work. Other supporting staff will be provided on-the-job training by their supervisors.

Our managers and supervisors will conduct regular appraisals on the performance of our staff as a basis for salary adjustment and promotion, and will serve as indicators on their job satisfactions and their needs.

For our tour escorts, they are required to possess tour escort permit. We provide training to newly recruited tour escorts on their skills, knowledge of our products and services, customer care and attention, and safety and emergency handling. After receiving the fundamental training essential for tour escort, the newly tour escorts will be arranged to accompany tours led by our senior tour escort.

We also engage external professional trainers to deliver seminars and talks to our staff.

Moreover, our sales representatives and tour escorts are required to attend weekly briefing to familiarise themselves with our latest products and promotion.

PROPERTIES

Owned properties

As at the Latest Practicable Date, our Group did not own any property.

Leased properties

As at the Latest Practicable Date, we leased seven properties in Hong Kong for use as our offices and branches.

For the Track Record Period, the total amount of rentals in connection with our leased properties were approximately HK\$6.1 million, HK\$6.9 million, and HK\$2.0 million respectively.

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As at the Latest Practicable Date, we operated four branches in Hong Kong, particulars of which are set out below:

<u>Branch</u>	<u>Address</u>	<u>Approximate gross floor area (sq. ft.)</u>	<u>Expiry date of current lease</u>
Shatin ^(Note 1)	Room 725, Citylink Plaza, No. 1 Sha Tin Circuit, Sha Tin, New Territories	1,325	31 August 2019
Mongkok	Room 409, 4/F, Wing Lung Bank Centre, 636 Nathan Road, Kowloon	1,282	31 October 2017
Causeway Bay ^(Note 2)	Suites 712-13, Hang Lung Centre, 2-20 Paterson Street, Hong Kong	950	31 January 2018
Tsim Sha Tsui	Units 1603-5, 16/F, 102 Austin Road, Kowloon	1,521	31 December 2017

Notes:

- (1) We leased Room 725, Citylink Plaza, No. 1 Sha Tin Circuit, Sha Tin, New Territories to expand the space to offer a more relaxing and pleasant environment to our customers and to cope with our future operation, which commenced operation in November 2016. The Shatin branch was previously located at Room 606 (with gross floor area of approximately 846 sq.ft.) in the same building, which is currently used as the back office of our Shatin branch, and the lease term of which will expire on 15 January 2018.
- (2) We moved to the present location (larger units) from an adjacent unit on the same floor of the same building in February 2015 to cope with the expansion of our operations.

As at the Latest Practicable Date, we leased two properties located in Tsim Sha Tsui for use as our offices from Sky Right, a connected person of our Company, particulars of which are as follows:-

<u>Address</u>	<u>Approximate gross floor area (sq. ft.)</u>	<u>Expiry date of current lease</u>
Room 706-8, 7/F, Lippo Sun Plaza, 28 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong	1,792	31 March 2019
Room 703 and 705, 7/F, Lippo Sun Plaza, 28 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong	3,671	31 March 2019

Please refer to “Connected Transactions” for further details of the leases from Sky Right.

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AWARDS

Our Group has received various awards by many airlines, tourism organisations and other entities in recognition of our outstanding sales achievements and quality products and services. The following table sets out a summary of the awards/recognitions we received over the years:

Award/recognition	Issuing party
Top Agent Award 1998, 1999, 2001-2015	Cathay Pacific Airways
Top Growth Agent Award 1996, 1997	Cathay Pacific Airways
Top Agent Award 2001, 2002, 2004, 2013-2015	Dragonair
Top Agent Award 2011, 2012	Asiana Airlines
Top Agent Award 2006, 2007	Japan Airlines
Certificate of Appreciation 2002-2005	Japan Airlines
Excellent Performance Award 2003, 2005, 2007, 2008	All Nippon Airways
Certificate of Appreciation 1996	Japan National Tourist Organisation – Kyushu Tourism Promotion Council
Plaque of Appreciation 2011	Japan National Tourist Organisation
Letter of Appreciation 2012	Aomori Prefectural Government
Plaque of Appreciation 2016	Toyama Prefectural Government
Plaque of Appreciation 1999	The Korea Association of General Travel Agents
Plaque of Appreciation 2013	Gyeonggi Tourism Organisation
Taiwan Tourism Award 2009, 2010, 2011, 2013	Taiwan Tourism Bureau
The Most Favorite Travel Package Award 2011, 2013, 2015	Weekend Weekly
Travel Trendsetter Award 2013	Weekend Weekly
我最喜愛日本旅行團2013 (My Most Favourite Japan Tour 2013)	U Magazine
我最喜愛日本旅遊旅行社2015 (My Most Favourite Travel Agent for Japan travel 2015)	Flyagain.la
Most Trusted Travel Agency of the Year 2015	Mediazone Publishing
Outstanding Tourism Service Provider 2015	Quamnet

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LICENCES, PERMITS AND APPROVALS

Our Directors confirm that we have obtained all necessary licences, permits and approvals which are material to our business operations during the Track Record Period and up to the Latest Practicable Date. For details of the material licences, permits and approvals we hold for our business operations, please see “Laws and Regulations”.

Our Directors further confirm that they do not foresee any legal impediment to our Group’s renewal of the material licences, permits and approvals.

MEMBERSHIP

As at the Latest Practicable Date, our Group held memberships with TIC and association members of TIC. For further information on our membership with TIC and association members of TIC, please refer to “Laws and Regulations — Laws and regulations in Hong Kong — The TIC — Membership of the TIC”.

As at the Latest Practicable Date, our Group was registered with IARB as an insurance agent in respect of travel insurance. For further information on our registration with IARB, please refer to “Laws and Regulations — Laws and regulations in Hong Kong — Travel insurance — Administration of insurance agents”.

IATA ACCREDITATION

IATA is the trade association for the major airlines in the world, representing some 260 airlines. IATA is the administrator of the IATA Passenger Agency Programme which is a global programme designed to facilitate the secure distribution and sale of air tickets through a network of reliable accredited sales channels. Only IATA accredited agents are authorised to sell international air tickets on behalf of IATA member airlines. PTHK has been IATA accredited agents since 1997.

In order to maintain IATA accreditation, an IATA accredited agent is required to satisfy the criteria and qualification stipulated under the Travel Agent’s Handbook issued by the IATA which include (i) maintaining requisite registration and licences to trade and offer travel agency services in its local jurisdiction; (ii) employing competent and qualified staff able to sell international air transportation and correctly issue electronic travel documents; (iii) meeting the financial requirements set by IATA; (iv) maintaining a place of business in accordance with the laws of its local jurisdiction; and (v) undertaking to provide sufficient protection for its business.

Our Directors confirm that our Group complied with the above criteria and qualification in all material respect and have maintained our IATA accreditation during the Track Record Period and up to the Latest Practicable Date.

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REGULATORY COMPLIANCE AND LEGAL PROCEEDINGS

On 11 December 2014, the Office of the Privacy Commissioner for Personal Data of Hong Kong (“PCPD”) served an enforcement notice (the “**Enforcement Notice**”) on Worldwide Package and PTHK. According to the Enforcement Notice, PTHK and Worldwide Package contravened Principle 1 under the Personal Data (Privacy) Ordinance (“PDPO”) (the “**Incident**”) as follows:-

<u>Contravention of the relevant Data Protection Principle and Description</u>	<u>PTHK</u>	<u>Worldwide Package</u>
<u>Principle 1(1)</u> Excessive collection of date of birth and identity card number for the purposes of verification of members’ identity during programme application process and through reward points enquiry under the mobile application	N/A	✓
<u>Principle 1(3)</u> Failed to inform the users of the mobile application (i) the purposes of use of personal data; (ii) the classes of transferees of the data; (iii) the user’s right to request access to and correction of the data; and (iv) the name or job title, and address, of the individual who is to handle any such request	✓	✓

Reasons for the Incident

Our Directors confirmed that it was the first time for our Group to launch programme to collect personal data and thus the management was not familiar with the compliance with the PDPO, and the design of the mobile application was outsourced to a third party which may not possess knowledge of the PDPO.

Potential maximum penalty for breach of the Enforcement Notice

Pursuant to section 50(1) of the PDPO, following the completion of an investigation, the PCPD may serve an enforcement notice in writing, directing the remedy and if appropriate, prevent any recurrence of the contravention. Under section 50(A) of the PDPO, it is an offence to contravene an enforcement notice and an offender is liable to a conviction to a fine of HK\$50,000 and to imprisonment of two years and, in the case of a continuing offence, to a daily penalty of HK\$1,000.

Remedial measures taken by our Group

Upon receiving the Enforcement Notice, we took remedial measures. In a letter dated 24 December 2014, we informed PCPD that, in compliance with the Enforcement Notice, we had (among others) (i) suspended the enrolment of a membership programme; (ii) removed the mobile application; and (iii) deleted and destroyed all information relating to the date of birth and identity card numbers previously collected in a membership programme. The mobile application was used merely to provide membership information to the members and the tour and travel information.

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On 18 February 2015, PCPD issued a letter (the “**Compliance Letter**”) to Worldwide Package and PTHK to confirm that the directives of the Enforcement Notice have been complied with.

Impact on our Group’s business operations and financial position

By virtue of the Compliance Letter, the Enforcement Notice had been duly complied with, and Worldwide Package and PTHK did not commit an offence under section 50 of the PDPO. Neither fine nor imprisonment was imposed on any member of our Group or any of our Directors.

Pursuant to section 66 of the PDPO, an individual who suffers damage, including injured feelings, by reason of a contravention of the PDPO in relation to his or her personal data may seek compensation from the data users concerned. Nevertheless, our Directors have confirmed that (i) the contravention has been fully rectified; and (ii) there has been no further breach of the requirement of the PDPO. Given our Directors’ above confirmations and based on the followings:

- the Incident did not relate to unauthorised use or access of personal data;
- our Directors confirmed that the relevant data had been removed and destroyed from our possession along with our Group’s other remedial measures which were carried out immediately upon receiving the Enforcement Notice; and
- in view of the lapse of time,

our Company’s legal counsel as to Hong Kong law advise that the possibility of successful claims from the data subjects relevant to the Incident for substantial amount of compensation is remote.

Save as disclosed above, during the Track Record Period and as at the Latest Practicable Date, we had complied with applicable laws and regulations of Hong Kong in all material respects.

As at the Latest Practicable Date, none of our Group, nor any of our Directors, was subject to actual or threatened material claims or litigations which would have material impact on our business operations, financial condition or reputation.

INTERNAL CONTROL AND RISK MANAGEMENT

We have in place policies and procedures in relation to internal control and risk management. Our Board is primarily responsible for overseeing our internal control and risk management system and for reviewing their effectiveness. We consider that our Directors and senior management possess the necessary knowledge and experience in overseeing good corporate governance in connection with internal control and risk management. Please refer to “Directors and Senior Management” for their qualifications and experience.

Internal control

We have established internal control system covering corporate governance, operations, management, regulatory compliance and financial matters. Our Directors believe that the current internal control system is appropriate for our business operations and risk management. Our Board

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will regularly review the administration and the adequacy of our internal control system and develop and revise our internal control system to cater for our expansion. In 2016, we have procured a detailed evaluation and review of our internal control system and have enhanced our internal control system in accordance with the findings of such review.

Risk management

During the Track Record Period, we assessed and managed our risks arising from our operations based on the experience of our management. In order to strengthen our risk management system, we have established formal risk management policies for identifying, evaluating and managing the risks faced by our Group on an on-going basis.

Our management will identify the risks associated with their day to day operations for review by our Board. The identified risks will be documented in a risk register and updated regularly. Our Board shall be responsible for evaluating and determining the nature and extent of the risks that our Board is willing to take to achieve our strategic objectives, and for formulating policies to control or manage any significant risk to an acceptable level. Our management shall implement and take day to day responsibility for Board policies on risk management.

Our Board will closely monitor and regularly review the effectiveness of our internal control and risk management system. In order to strengthen our corporate governance on internal control and risk management, we have adopted or will adopt the following measures:

- (a) we have appointed Lego Corporate Finance Limited as our compliance adviser to advise us on compliance with the GEM Listing Rules upon Listing; and
- (b) we will appoint an independent adviser after Listing to assist us in reviewing our internal control system on a regular basis after Listing.

Foreign exchange risk control

Our revenue was mainly denominated in Hong Kong dollars. However, 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. Such land costs included hotel accommodation, tour buses hiring, restaurants and other suppliers for our Japan bound tours (except Okinawa). We are therefore exposed to foreign exchange risk primarily with respect to Japanese Yen.

We have developed foreign exchange risk management procedures to manage our exposure to foreign exchange risk in relation to Japanese Yen. Our goal is to control our foreign exchange risk to an acceptable level by ensuring that we are able to obtain sufficient amount of Japanese Yen at acceptable exchange rate for meeting our payment obligations aroused from business operations and at the same time do not purchase unnecessary amounts of Japanese Yen more than we require. Our customers generally enrol for package tours four weeks (or up to eight weeks for peak seasons) prior to departure. Hence, we estimate land costs based on the estimated sales amount for a period of four weeks (or eight weeks during peak seasons) taking into account the actual enrolment data to ensure that such estimation is fairly accurate. We then purchase Japanese Yen

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according to such estimation. This policy enables us to determine the appropriate amount of Japanese Yen to procure in order to sufficiently cover our payment obligation while preventing us from carrying excessive cash balance of Japanese Yen, which may lead to foreign exchange loss. Our foreign exchange risk management procedures do not intend to exercise any judgement over or speculate on the future direction of foreign exchange fluctuation. Since the Japanese Yen is volatile, any speculation on the future direction of the exchange rate would subject our Group to great financial risks. Therefore, our Directors consider the appropriate foreign exchange risk control measure is to accurately estimate the land costs and limit purchases of Japanese Yen to sufficiently cover payment obligation while minimising excessive balances. Our Directors consider our foreign exchange risk control measures are in line with market practice.

We generally price our package tours on a cost-plus basis, taking into account the cost of travel elements, including the exchange rate of Japanese Yen. We review the prices of our package tours on a regular basis, generally twice every week. This allows us to timely adjust the prices of our package tours in response to any unfavourable fluctuation in the exchange rate of Japanese Yen. Further, when determining the prices of our Japan package tours (except Okinawa), we generally will add a margin to the estimated land costs denominated in Japanese Yen when translating them to Hong Kong dollars, in order to cushion any appreciation in exchange rate before the next price review. Our Directors consider that our pricing policy together with our foreign exchange risk management procedures enable us to, in the long run, effectively manage the impact of potential increase in land costs denominated in Japanese Yen caused by unfavourable fluctuation in exchange rate.

Our foreign exchange risk management procedures involve the following steps:

1. Our tour operations department will provide to our accounts department:
 - (i) enrolment number of our Japan bound tours in the coming week; and
 - (ii) estimated enrolment number of our Japan bound tours for the next four weeks (or eight weeks during peak seasons).
2. Our accounts department will then estimate costs of the travel elements payable in Japanese Yen for the Japan bound tours for the coming four weeks (or eight weeks during peak seasons), of which such cost per headcount was estimated based on the historical spending and the effect of general inflation.
3. Upon receiving and analysing the above information and the balance of Japanese Yen on hand, our accounts department will submit a purchase request for Japanese Yen on a weekly basis to our chief financial officer, who will then review the accuracy and reasonableness of the information and determine the purchase amount and ceiling exchange rate for approval by Mr. SK Yuen. In general, the purchase amount was determined taken into account of the ceiling exchange rate, which was in turn determined based on the latest trend of Japanese Yen, and will range from approximately 50% to 100% of the estimated usage of Japanese Yen for the coming four weeks.

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4. Upon the final purchase amount is determined and approved by Mr. SK Yuen, our accounts department will execute the purchase of the approved amount at spot rate or through one-month forward exchange contracts, subject to the approved ceiling exchange rate. The forward exchange contracts entered into by our Group are not specifically designated for hedging our exposures against any specified extent of foreign exchange gains or losses of underlying assets or liabilities denominated in foreign currency. Accordingly, the forward exchange contracts entered into by our Group are not designated as hedging instruments and do not meet the criteria for hedge accounting.
5. Prior approval from Mr. SK Yuen is required for any deviation from the approved purchase amount or ceiling exchange rate.
6. Our chief financial officer regularly (i) reviews the accuracy of the estimated enrolment data and corresponding costs of travel elements provided by tour operations department; (ii) reviews the reasons giving rise to the foreign exchange gain/loss recorded; and (iii) closely monitors the movement of the exchange rate and our Japanese Yen balances.

Mr. SK Yuen possessed extensive experience in the tourism industry and expertise in Japan-bound travel products and has been responsible for our Group's major decision making and overall strategic planning, including foreign exchange risk management for years. Our chief financial officer, Ms. Hon, is a qualified professional accountant with extensive accounting and auditing experience and also has gained knowledge on treasury and foreign exchange management policy of listed company during her course in past employment. Our Directors believe that by adopting the above procedures, our exposure to foreign exchange risk can be properly managed to an acceptable level.

At present, we are mainly exposed to foreign exchange risk in relation to Japanese Yen. Our Directors will regularly monitor our foreign exchange risk and should they find our exposure to foreign exchange risk in respect of other currencies increases, we will adopt such risk management measures with respect to other currencies to ensure that our exposure is kept to an acceptable level.

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 "Summary — Recent developments and material adverse change", our Directors believe that our business is sustainable based on the following reasons:

Our long established track record, our brand awareness and our well-maintained business relationship with suppliers

With a track record of 37 years, we are one of the long-established and well known travel agents in Hong Kong. Our executive Directors, Mr. SK Yuen and Ms. Chan have over 36 years of experience and Mr. CN Yuen has over 10 years of experience in the travel industry. Our Directors believe that we are, and have always been, capable of understanding and adapting to our customers' needs. We have a proven record of providing quality products and services to our

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customers by designing comprehensive tour itineraries. We have been promoting our brand awareness through various marketing channels including but not limited to sponsorship of television travel programmes and films, advertisements on newspapers, travel magazines and public transportation. All of these have made us stand out in the travel service industry in Hong Kong. This is proven by our established market presence. As stated in 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 2.6% market share in terms of number of travellers for outbound package tours amongst the travel agents in Hong Kong that provided outbound package tours in 2015.

We intend to apply part of the net proceeds from the Share Offer for, among others, advertisements in various media channels including television, travel and life style magazines, Internet and public transportation, and marketing campaigns such as television travel programmes and film sponsorship, which we believe will help further promote our brand awareness, and in turn will boost our business performance in both short and long run.

Apart from our continuous effort in promoting our package tour services, we will continue to devote in the development and enhancement of our online sales platform. We have engaged an independent software developer to develop and enhance our online sales platform with an integrated booking system. Our online sales platform, when fully developed, is expected to further enable our customers to (i) make purchase of “ticket plus hotel” FIT packages with real time confirmation; (ii) make full payment for, and change their booking of, package tours; and (iii) chat online with our sales representatives for assistance. We believe the development and enhancement of our online web portal will create greater flexibility and extent of convenience to customers and in turn enhance our competitiveness.

For details of our business strategies and future plans, please refer to “— Strategies” above and “Future Plans and Use of Proceeds”.

According to the CH Report, maintaining good suppliers’ network, such as airline companies, hotel operators and land operators, is one of the key factors of success for travel agents. Having stable suppliers’ network and relationship can ensure stable supply and reliable services from the suppliers. We have maintained long term business relationship of more than 14 years with some of our major airline suppliers and we are allocated with block seats to ensure there are sufficient seats for our tour operations. We have enjoyed good business relationship with other suppliers including land operators and bus operators. We have also maintained long term business relationship with some of our land operators for at least 10 years. We are of the view that our established good business relationships with suppliers can minimise the risk of shortage of quality supplies and also maintain the quality of our services, which in turn ensure the stable operation of our business.

Continuous growth of market size and market opportunities

According to the CH Report, it is expected that the revenue of outbound package tours in Hong Kong will increase at a CAGR of approximately 6.1% from 2016 to 2020. Our revenue generated from package tours bound for Japan accounted for approximately 78.1%, 84.4%, 84.9% and 86.5% of our total revenue of package tours for the years ended 31 March 2015 and 2016 and

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the three months ended 30 June 2015 and 2016 respectively. As stated in the CH Report, the total revenue from package tours bound for Japan from Hong Kong has been increasing from 2011 to 2015 and is projected to grow steadily at around 6.0% annually from 2016 to 2020. According to the CH Report, outbound travelling has become part of a lifestyle for many Hong Kong residents who are always on the lookout for relief from their stressful lifestyles. Moreover, the higher spending power of Hong Kong travellers will drive the growth of the size of the travel industry in Hong Kong. The growth of market size will in turn benefit our Group's business growth. Low-cost carrier flights are rapidly emerging in the airline industry. Their relatively lower prices help lower the costs of sales of package tours. In addition, new flight destinations offered by airlines can further expand our tour destinations so as to enhance the diversity of our products. For instance, one of our air flight suppliers launched direct flights from Hong Kong to three new destinations in Japan, namely Ishigaki, Takamatsu and Kagoshima, in June and July 2016. It has also been adding extra daily flights to certain areas in Japan from Hong Kong. Our Directors believe the above drivers are beneficial to the industry in Hong Kong, particularly to travel agents who arrange package tours bound for Japan, and create business opportunities to us.

There had also been various measures implemented by the Ministry of Finance of Japan regarding consumption tax in Japan. For instance, (i) since 1 October 2014, the number of items eligible for tax exemption by tourists in Japan have been increased to include consumables including medicine, food and cosmetics from designated shops; and (ii) the tax exemption procedure can be conducted at a one-stop counter on behalf of groups of shops in shopping streets and malls since April 2015. Our Directors consider that the above factors will continue to contribute to the higher demand for travelling to Japan. Further, Japan National Tourist Organisation targets to attract 20 million tourists a year by 2020 when it hosts the Olympic Games in Tokyo. This includes promoting tourism for the 2020 Olympics and beyond, putting in place plans to expand the inbound market, simplifying entry procedures such as relaxing visa requirements, cultivating hidden regional tourism resources, promoting a welcoming environment for international visitors and developing the meetings and incentives market. Our Directors believe the local civil and infrastructure development will further enhance the attractiveness of Japan, which will help drive the number of Hong Kong travellers travelling to Japan and in turn promote our sales.

Our ability to respond to adversities

As disclosed in "Risk Factors", inherent in the travel industry, our operation is vulnerable to interruption and damage from natural disasters, acts or threats of terrorism, wars, travel-related accidents, outbreak of contagious or infectious disease, political instability or other catastrophic events. Moreover, we are exposed to foreign exchange risk, particularly in relation to Japanese Yen. Changes in the foreign exchange rate between Japanese Yen and Hong Kong dollars would affect our Group's operating performance as well as our financial position. Further, the travel industry is sensitive to the economic cycle of the Hong Kong economy, which may be affected by the global economic condition. Although such events and changes may unfavourably affect our business performance and financial position, our Directors are of the view that such adverse events and changes are isolated events or cyclical and shall not have a long term impact.

In the past ten years, our Group encountered adverse economic environment and events which would affect our business operation and results, including but not limited to the global financial crisis in 2007 and 2008, worldwide outbreak of H1N1 flu epidemic in 2009, the Great East Japan

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Earthquake occurred in 2011 and the appreciation of Japanese Yen against Hong Kong dollar which reached its 10-year peak in 2011. Nevertheless, our Group had been profit-making in each year during the past ten years, save for the years ended 31 March 2010, 2011 and 2012.

Our Directors advised that the net losses for the three years ended 31 March 2012 were largely due to the appreciating Japanese Yen against Hong Kong dollars which took on an upward trend from June 2007 to February 2012. The financial performance of our Group for the year ended 31 March 2012 was further affected by the Great East Japan Earthquake which occurred in March 2011. The degree and extent of damage caused by the earthquake and resulting tsunami were enormous. Red outbound travel alert was issued for the entire Japan in March 2011. Our suppliers, including airlines and hotel operators in Japan, had lowered the air fares and hotel room rates swiftly in response to the dramatic drop in number of foreign visitors to Japan month-on-month in March 2011 by approximately 48.1% and in April 2011 by approximately 16.1%. As a result, our Group was able to achieve a higher gross profit margin for the year ended 31 March 2012 as compared to that for the year ended 31 March 2011, despite the impact of the earthquake and the Japanese Yen exchange rate reaching its ten years peak around August 2011 to February 2012. In fact, the net loss for the year ended 31 March 2012 was significantly less than that for the year ended 31 March 2011, despite a material drop in revenue.

Attributable to the gradually decreasing exchange rate of Japanese Yen against Hong Kong dollars since February 2012, our Group achieved further improvement in the gross profit margin and successfully turned around to record a net profit for the year ended 31 March 2013.

Our Directors believe that although our business is sensitive and vulnerable to adversities, our historical financial performance and position and our established market presence have demonstrated our ability to respond to adversities and to minimise their impact on our Group, so as to remain as a key player in the travel industry in Hong Kong.

Strong and healthy financial position

Our Group consistently recorded net assets position as at each year end of the past ten financial years. As at 31 March 2015 and 2016 and 30 June 2016, our total assets reached approximately HK\$92.2 million, HK\$95.7 million and HK\$101.3 million respectively and net assets amounted to approximately HK\$38.0 million, HK\$61.3 million and HK\$53.4 million respectively. Our liquidity remained healthy with net current assets of approximately HK\$35.5 million, HK\$56.3 million and HK\$47.5 million as at 31 March 2015 and 2016 and 30 June 2016, which represented current ratio of approximately 1.7 times, 2.7 times and 2.0 times respectively. Our Group maintained minimal gearing throughout the Track Record Period. We had cash and cash equivalents of approximately HK\$76.9 million as at 30 June 2016. Our Directors believe that the strong and healthy financial position will sustain our business operation and our growth.

Counteractive measures against adverse conditions

In order to compensate for the detrimental financial results for the three months ended 30 June 2016 and with a view to improving our profitability, we have taken or will take the following counteractive measures to alleviate the adverse impacts brought about by the continuous

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appreciation of Japanese Yen against Hong Kong dollars and the intense competition within the industry:

- One of the main reasons for the significant decline in our revenue for the three months ended 30 June 2016 was the 2016 Kumamoto Earthquake that occurred in April 2016. Kumamoto Prefecture is located in Kyushu, being one of the most popular tour destinations of our Group in Japan in terms of number of customers during the Track Record Period. After the 2016 Kumamoto Earthquake, the Kyushu Tourism Promotion Organisation has co-ordinated a campaign for the purpose of restoring Kyushu tourism industry by offering government funded rebate on accommodation in Kyushu of up to 70% from July to September 2016 and up to 50% from October to December 2016. We have correspondingly designed and promoted our Kyushu tours with new itineraries and new hotel accommodation with the view to recouping the decrease in demand for Kyushu tours, and have achieved satisfactory results. Since July 2016, the number of customers joining our Kyushu tours has gradually picked up, and the aggregate number of customers enrolled for our Kyushu tours departed in September and October 2016 increased by approximately 137.1% as compared to that for September and October 2015. We have received hotel accommodation rebate from the prefecture governments of Kyushu in the amount of approximately HK\$1.6 million for July to November 2016 and are expected to receive further rebate of approximately HK\$294,000 for December 2016 based on the enrolment data up to the Latest Practicable Date. With the rebate, the gross profit margin of our Kyushu tours between July and December 2016 is expected to be higher than that for June 2016 after tours resumed. Based on the unaudited financial information of our Group, the average gross margin of our Kyushu tours for July to October 2016 is higher than that for June 2016 by approximately 2.1 percentage points. Furthermore, we were invited and have participated as the only participating travel agent, in the “Touch the Kyushu” Fair instigated by the Ministry of Economy, Trade and Industry of Japan, as part of their recovery campaigns, held between late September and early October 2016 in Hong Kong to promote our Kyushu tours, which we believe have positive effect on our brand reputation and increased the sales of our Kyushu tours.
- We will focus on further developing new itineraries for existing tour destinations which are different or less commonly available from our competitors to differentiate our products from them instead of engaging in price competition with the view to improving our profitability. We have developed and launched several package tours to Japan and South Korea with new itineraries for the Autumn and Winter seasons, and more are being planned including a new excursion train tour in Osaka. Moreover, as part of our plan to develop new destinations, we had been in discussion with our major airline supplier to develop a regular route to a new destination in Japan. As a result of our discussion, our major airlines supplier has proposed to operate scheduled charter flight to Komatsu, Japan initially for the period between mid-April and end-June 2017 departing twice a week with routing (i) departing for and returning from Komatsu, (ii) departing for Komatsu and returning from Nagoya and (iii) departing for Nagoya and returning from Komatsu. The routing combination will enable us to develop new itineraries for Hokuriku area and Chubu area. Based on the number of flight seats we are requesting

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and the historical prices of our Nagoya tours, we expect to generate total sales of over HK\$10 million from package tours taking on this new route for the initial period.

- In addition, we will increase our marketing efforts to promote the sales of MICE tours and signature tours which generally have higher gross profit margins. We will contact and prepare customised travel plans and itineraries based on customers' specific preferences to our previous MICE tour customers with a view to encouraging recurring purchases from them and establishing a loyal customer base. As a result of such efforts, the invoiced sales amount of MICE tours for April to November 2016 has increased by approximately 68.8% as compared to the same period in 2015, with the number of tours also increased by approximately 47.8%. We will also develop a range of signature tours such as luxurious hot spring, Michelin gourmet and exotic experience tours and formulate promotion targeting our previous and potential customers with higher spending power or willingness to spend on travel products with the view to increase the sales of signature tours thereby increasing our revenue and profitability. For instance, we have designed a luxurious five-days hot spring and gourmet tour departing on the day following the Chinese New Year of 2017 with our spokesperson as a guest tour participant at the tour price of approximately HK\$80,000 per person. As at the Latest Practicable Date, the tour has received satisfactory enrolments. Our Directors believe that such tour would raise the awareness and popularity of our signature tour products. Our Directors further believe that such focus will also aid in building a loyal customer base as well as enhancing our brand reputation.
- The television travel programme sponsored by us and broadcasted in April 2016 received positive review and enhanced our brand awareness. Following the success of the television travel programme, we have sponsored the second series of the television travel programme which was broadcasted in November 2016, which also received positive review. We have appointed the host of the television programmes as our spokesperson, which we believe will further increase our brand awareness and help to generate consumer preference and to foster brand loyalty.
- We have launched a two-year digital marketing campaign in August 2016 to promote our brand and travel products through various online social medium and search engines to reach out to a wider spectrum of potential customers with links to our website where customers can conveniently view our travel products information and make booking of our package tours. The digital marketing campaign will also enable us to analyse data on customers' behaviour and interests, customer cycle and other useful information such that we will be able to target our marketing efforts to specific interests groups and develop package tours accordingly.
- We will negotiate with our major suppliers including airlines and hotel operators with a view to reducing their price so as to lower our cost of sales and increase our gross profit margin. In September 2016 and December 2016, our largest supplier agreed to a reduction in their price for air tickets to several destinations in Japan effective from 13 September 2016 until 25 January 2017 and from 3 February 2017 until 30 March

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2017 (excluding blackout dates). The following table summarised the price reduction rate of air fares provided by our major airline supplier:

<u>Period</u>	Price reduction rate as compared to the original price (approximately)	<u>Destination</u>
September 2016	8% to 41%	Sapporo, Fukuoka, Hiroshima and Kansai
October 2016	4% to 55%	Tokyo, Sapporo, Fukuoka, Hiroshima, Nagoya, Kansai
November 2016	18% to 39%	Tokyo, Sapporo, Nagoya, Kansai and Fukuoka
December 2016	18% to 47%	Tokyo, Sapporo, Nagoya, Kansai and Fukuoka
January 2017	18% to 51%	Tokyo, Sapporo, Nagoya, Kansai and Fukuoka
February 2017	13% to 30%	Tokyo, Sapporo, Nagoya, Kansai, Fukuoka and Okinawa
March 2017	13% to 30%	Tokyo, Sapporo, Nagoya, Kansai, Fukuoka and Okinawa

It is estimated that our monthly air fare savings for these destinations between September 2016 to March 2017 would range between 18.3% and 34.9%.

- Our online sales platform is being developed and will be launched in stages. Since April 2016, our customers are able to make booking of package tours through our online sales platform. For the three months ended 30 June 2016, revenue from the sales of package tours through our online booking system accounted for approximately 7.3% of our total revenue from sales of package tours for the same period. Supplemented by the launching of our digital marketing campaign which will direct online inquiry to our website, our Directors believe that we will be able to increase our market share for online travel purchases thereby increasing our revenue. The air tickets module of our online sales platform was launched in August 2016 and the hotel module was launched in December 2016 and will be further enhanced, after which we will be able to offer convenient and real time buying experience for our FIT products comparable to that being offered by other online agencies and booking platforms of airlines and hotels, which will increase our competitiveness in the FIT products market and enable us to capture the rapid growth of the FIT products market. In December 2016, we have entered into a long-term affiliate agreement with one of the world's leading travel intermediaries, under which the travel intermediary will supply hotel inventories to us and our customers could select and purchase accommodation in more than 280,000 hotels worldwide through our online sales platform. Given our online sales platform will be able to offer such wide range of products (i.e. package tours, FIT products and ancillary travel related products and services), it will satisfy most of the travel needs of our customers as a one-stop shop. This will distinguish us from most of the online agencies and booking platforms of airlines and hotels which generally only offer air ticket and/or hotel booking.

Our Directors are of the view, and the Sole Sponsor concurs, that the above counteractive measures will effectively alleviate the adverse effects brought about by the continuous appreciation of Japanese Yen and keen market competition, and to improve the profitability of our Group amid such adverse conditions. As a result of the recent downward trend of the exchange rate of Japanese Yen and the counteractive measures, we have seen improvements in our business performance recently.

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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. According to the CH Report, the reputation of a travel agent is one of the major considerations for Hong Kong travellers. The Listing status will help advertise our Group to potential customers and enhance our corporate profile and credibility with the public and business partners. This in turn will strengthen our competitiveness and benefit our business performance and growth.

Based on the above, our Directors are of the view that our Group's business is sustainable.