Prospective investors should carefully consider and evaluate the following risk factors and all other information contained in this prospectus before deciding to invest in the Shares. If any of the following risk factors and uncertainties develops into actual events, our Group's business, results of operations and financial condition could be materially and adversely affected. In such cases, the trading price of the Shares could decline due to any of these risk factors and uncertainties and you may lose all or part of your investment.

RISKS RELATING TO OUR GROUP

Reliance on key personnel and management members

Our past success is attributable to the vision, experience, expertise and managerial skills of our key personnel and management members. The future success of our business is dependent on the continued services of certain key senior executives and certain key employees and our ability to attract and retain talented personnel. In particular, we rely on our Company's executive Directors who are responsible for our Group's overall business development and strategic planning, all of them play key roles in our operations. We do not maintain key person insurance for any of our key personnel. If one or more of our senior executives or key employees are unable or unwilling to continue in their present positions, we may not be able to replace them promptly or at all, which may disrupt or even seriously disrupt our business and materially and adversely affect our business, results of operations and future prospects.

Exposure to risks associated with termination of our leases

As at the Latest Practicable Date, our Group operated more than 50 shops all of which were rented premises. The rent and rates expenses in respect of our retail shops for each of the years ended 31 March 2009, 2010 and 2011 amounted to approximately HK$22.9 million, HK$24.6 million and HK$29.2 million respectively. As at the Latest Practicable Date, 11 of our retail shops were leased by TEOL or TECL but were used by TEL. For those tenancy agreements containing a non alienation clause, the use of these premises by TEL is technically a breach of the tenancy agreements. As at the Latest Practicable Date, TEL was allowed to use the premises in respect of five of these tenancy agreements expiring on 26 September 2011, 31 March 2012, 14 May 2012, 31 August 2012 and 1 September 2012. Our Group has not obtained consent from the landlords in respect of the remaining six tenancy agreements. Out of these six tenancy agreements which our Group has not obtained the relevant consent, two have expired on 31 August 2011 (our Group and the respective landlord, have agreed to renew these tenancies for a further term of two years with TEL as the tenant pending formal tenancy agreements to be executed), one will expire on 30 September 2011, one on 31 October 2011, one on 31 December 2011, and the remaining one on 15 February 2012. So far, we have not received any notice from the landlords of the said six properties terminating the tenancy agreements for breach of these tenancy agreements. Moreover, should our Group be required to discontinue the use of the premises in respect of these six tenancy agreements, our Group will relocate to other premises and we consider that it should not be difficult for us to find alternative premises. If our Group is required to relocate from those premises which it has not obtained consent from the landlords for TEL's use, our Group may have to write off assets of carrying amount at approximately HK$73,000 as at 31 March 2011 and estimates that it may take about three months to complete the required relocation.

Locations of our shops and rental amounts are, among others, material factors for the operation of our business. In the event that the leases of certain shops are terminated and we could not successfully identify better alternative locations, our operational and financial conditions may be adversely affected.

Foreign exchange exposure

All of our Group's sales are recorded in Hong Kong dollars whilst some of our Group's purchases of travel products are denominated in foreign currencies, including among others JPY, SGD, MYR and USD. During each of the three years ended 31 March 2011, approximately 6.6%, 5.8% and 4.7% respectively of our Group's cost of sales were denominated in foreign currencies. We are exposed to foreign exchange risks to the extent that our receipts from customers in Hong Kong dollars do not match with the respective foreign currency denominated payment to suppliers. Foreign currency denominated costs are recorded at the prevailing exchange rates as at the date of the relevant invoices. Exchange rates prevailing at the times of payment may give rise to foreign currency exchange gains or losses. Our Group's financial statements are expressed in Hong Kong dollars. For the years ended 31 March 2009, 2010 and 2011, we recorded a foreign exchange gain of approximately HK$497,000, HK$1,198,000 and HK$490,000, respectively.

During the year ended 31 March 2009, the foreign exchange rate (i) between HK$ and JPY traded at a high of HK$1.00 : JPY14.14 and a low of HK$1.00 : JPY11.26; (ii) between HK$ and SGD traded at a high of HK$1.00 : SGD0.20 and a low of HK$1.00 : SGD0.17; and (iii) between HK$ and MYR traded at a high of HK$1.00 : MYR0.48 and a low of HK$1.00 : MYR0.40.

During the year ended 31 March 2010, the foreign exchange rate (i) between HK$ and JPY traded at a high of HK$1.00 : JPY13.03 and a low of HK$1.00 : JPY11.15; (ii) between HK$ and SGD traded at a high of HK$1.00 : SGD0.20 and a low of HK$1.00 : SGD0.18; and (iii) between HK$ and MYR traded at a high of HK$1.00 : MYR0.47 and a low of HK$1.00 : MYR0.42.

During the year ended 31 March 2011, the foreign exchange rate (i) between HK$ and JPY traded at a high of HK$1.00 : JPY12.18 and a low of HK$1.00 : JPY10.11; (ii) between HK$ and SGD traded at a high of HK$1.00 : SGD0.18 and a low of HK$1.00 : SGD0.16; and (iii) between HK$ and MYR traded at a high of HK$1.00 : MYR0.43 and a low of HK$1.00 : MYR0.39.

We do not maintain any hedging policy with respect to the associated exchange rate risks but we may enter into foreign currency forward contracts and/or currency options subject to compliance with our Group's treasury management policies and procedures. Our profitability may be adversely affected as a result of fluctuation in the exchange rates between HK dollars and the currencies in which some of our Group's cost and expenses are denominated.

Our business may be affected by changes in economic conditions

Our Group's business is largely dependent on the outbound travel decisions and preferences of our customers which in turn are affected by changes in the global economic conditions. During the 2008/2009 global financial crisis, cost-cutting measures were quickly adopted by local businesses and outbound travel for businesses experienced negative growth whilst Hong Kong leisure travellers opted for discounted travel and short-haul, low duration trips to neighbouring countries, resulting in a relatively stagnant growth in total leisure travel departures from 2008 to 2009. Our key performance indicators and results of operations for the year ended 31 March 2010 were impacted by the 2008/2009 global financial crisis. Any changes in the global economic condition in the future may affect the outbound travel decisions and preferences of Hong Kong residents which in turn may affect our business, results of operations and future prospects.

Exposure to risks of third parties' claims, counter-party risks and other risks which are beyond our control and not subject to our insurance coverage

We are exposed to risks of third parties' claims for harm or injury suffered or allegedly suffered in relation to the premises in which our offices and shops are located or the travel arrangement and products we sell to our customers. Liability claims could cause reputational damage and have a material and adverse effect on our business, financial condition and/or results of operations.

We are exposed to counter-party risks and other risks which are beyond our control. Material service failure or suspension of the services of our suppliers may adversely impact our business, financial condition and results of operations. Natural disasters, acts of war, acts of terrorism, political unrest, epidemics, interruption or damage by fire, power failure, power shortages, hardware and software failure, and other events which are beyond our control, may also adversely affect our business, financial condition and results of operations. We cannot assure that our insurance policies are sufficient to cover all the risks associated with our operations. Loss incurred in respect of liabilities not covered by our insurance policies may have a material and adverse effect on our business, financial condition and/or results of operations.

Exposure to credit risks in respect of our corporate sales

During the Reporting Period, retail sales contributed over 90% of our gross sales proceeds and corporate sales contributed less than 10% of our gross sales proceeds. However, going forward, we plan to develop the corporate sales segment which would strengthen our Group's revenue base. Please refer to the sub-section headed "Development of corporate sales business" in the "Future plans and use of proceeds" section of this prospectus for further details. Under our business model, we normally require retail customers to settle payment in full upfront and do not normally accept any credit risk in respect of sales to retail customers. For our corporate customers, we normally allow up to 30 days' credit term for settlement of payment for travel products and services provided by our Group. As such, the Group's exposure to credit risks in respect of our corporate customers may increase as a result of our plan to further develop the corporate sales segment. For the years ended 31 March 2009, 2010 and 2011, our Group recognised impairment loss of approximately HK$36,000, HK$23,000 and Nil respectively, representing approximately 0.004%, 0.002% and Nil respectively of our Group's gross sales proceeds and approximately 0.05%, 0.03% and Nil respectively of our Group's corporate sales. However, there is no assurance that our Group's level of bad debts will not increase significantly or that we will be able to fully recover our outstanding receivables from our customers or that their settlement will be made on a timely basis. In the event that settlement of receivables by our customers is not made in full or on a timely basis, our profitability, cashflow and financial position may be adversely affected.

Dependance on protection of our trademarks and intellectual property rights

As at the Latest Practicable Date, we have registered four trademarks in Hong Kong, three trademarks in the PRC and one trademark in Singapore. As at the Latest Practicable Date, we have filed ten trademark applications in Hong Kong. For details of our Group's registered trademarks, please refer to appendix V to this prospectus. Our Directors consider that all of our principal trademarks have been registered. In addition, we are in the process of applying for registration of a number of other trademarks and logos in Hong Kong.

Our success depends in part on the protection of our trademarks and intellectual property rights. We have taken steps to protect our trademarks by registering our trademarks in the places we operate or plan to operate. However, such protection may not be adequate to protect our rights. Any unauthorised use of our brands and trademarks could harm our competitive advantages, goodwill and business.

As at the Latest Practicable Date, we were aware that there was another company involved in the travel agency business in Hong Kong operating under a trading name which includes a combination of characters which is phonetically similar to a word of our trade name since about October 2009. We considered that there was no material impact resulting from such incident on the Group's operations and reputation. At this stage, we do not consider it appropriate to take legal action against the said company. We will continue to closely monitor the matter. We may take appropriate legal action should there be any infringement of our intellectual property rights by the said company. Save as aforesaid, as at the Latest Practicable Date, we were not aware of any material violations or infringement of our intellectual property rights by any third parties.

As at the Latest Practicable Date, no claims or disputes of material importance have been brought by us and there is no infringement action of material importance pending against us. No assurance can be given by us that we can prevent or deter infringement or other misappropriation of our intellectual property rights. We may not be able to detect unauthorised use or take appropriate and timely steps to enforce our intellectual property rights. Claims may be brought against us by, or we may assert claims against, other parties involving disputes arising from our intellectual property rights. If we are unable to resolve such claims through negotiations, we may face or commence legal proceedings which may be costly, unsuccessful, divert the efforts of our management away from our business and thereby adversely affect our business, financial condition and/or results of operations.

Risks associated with implementation of our Group's future plans

Our Directors have formulated our future plans after due consideration with reference to their perceptions of the prospects of the travel industry. The details of our future plans are set out in the section headed "Future plans and use of proceeds" in this prospectus. The successful implementation of our future plans may be affected by various factors including significant business, economic and competitive uncertainties and contingencies that are beyond our control which may lead to the postponement of such plans and/or may increase the costs of implementation.

We may face difficulties during the initial and transitional stages of our expansion, especially in developing our business in countries where we have not yet established a secure foothold. We may also seek to achieve our growth targets through acquisitions of businesses, franchise or forming joint ventures which provide access to new markets, and/or creating synergies with our existing business. We may not be able to identify appropriate targets, complete acquisitions on satisfactory terms, particularly as to price, which could adversely affect our business, financial condition and/or results of operation. We may face difficulties in integrating acquired businesses into our operations. Our organic growth, as well as growth arising from acquisitions, could place a significant strain on our managerial, operational and financial resources. Our ability to manage our future growth will depend on our ability to continue to implement and improve operational, financial and management information systems on a timely basis and to train, motivate and manage an enlarged workforce, including our ability to recruit qualified personnel with the necessary technical knowledge, consultancy skills and experience and the integration of our existing workforce with that of any businesses that we may acquire. Failure to effectively manage the expansion may adversely affect our business, financial condition and/or results of operations.

Risks associated with our Group's expansion plans in the PRC

As part of our Group's plans to explore possible regional expansion to the PRC, we have started the process of applying for establishment of the WFOE in the PRC. The application may or may not be approved by the PRC government. We are studying the feasibility of an online business model of travel agency in the PRC and the promotion of quality outbound tour packages from the PRC and Hong Kong. We have not formulated any other detailed plans or a timetable relating to our expansion plans in the PRC. Furthermore, our Directors and senior management of our Group presently do not possess any relevant experience and expertise in the PRC retail and online travel agency business. As such, we may face difficulties during the initial stages of our expansion in the PRC. However, we plan to employ suitably qualified personnel to manage our Group's businesses in the PRC once our expansion plan is in a more advanced stage. Our ability to manage our future expansion in the PRC will depend on, among other things, our ability to recruit suitably qualified personnel to manage our Group's businesses in the PRC at the appropriate time. Failure to effectively manage our expansion in the PRC may lead to delays or postponement to such plans and/or may increase the costs of implementation.

Dividends paid in the past may not be indicative of the amount of future dividend payments or our Group's future dividend policy

We declared dividends of HK$2,000,000, HK$92,082,000 and HK$47,012,000 for the years ended 31 March 2009, 2010 and 2011 respectively and paid dividends of HK$2,000,000, HK$84,082,000 and HK$45,012,000 during the years ended 31 March 2009, 2010 and 2011 respectively. The dividends declared and paid as aforesaid do not amount to any guarantee, representation or indication that our Company must or will declare and pay dividends in such manner in the future or at all. Particulars of the dividend policy to be adopted by our Group following the Listing are set out in the paragraph headed "Dividend" in the section headed "Financial information" in this prospectus. There can be no assurance and in fact it is not expected that the amount of dividends which may be declared by our Company in the future, if any, will be at the level declared and paid by our Company immediately prior to Listing.

We have certain compliance irregularities which may lead to enforcement actions being taken against us

We have inadvertently breached certain sections of the Companies Ordinance. The non-compliance with the regulatory requirements in Hong Kong by our Group in the past three years are as follows:

(i) Non-compliance with section 140A(3) of the Companies Ordinance by TEL and TEOL. The non-compliance incident was the late filing of the notice of resignation of their auditors. The aggregate maximum amount of the potential fine will not be more than HK$300,000.

(ii) Non-compliance with section 158(4) of the Companies Ordinance by TEBSL and TEOL. The non-compliance incident was the late filing in relation to change of director and/or secretary. The aggregate maximum amount of the potential fine will not be more than HK$106,400.

(iii) Non-compliance with section 107 of the Companies Ordinance by TEEL. The non-compliance incident was incorrect information in 2009 and 2010 annual returns. The aggregate maximum amount of the potential fine will not be more than HK$361,600.

(iv) Non-compliance with section 122 of the Companies Ordinance by TEEL, TEL, TEBSL, TECL and TEOL. The non-compliance incident was the failure in laying the audited accounts at the annual general meetings within the prescribed time limit of nine months from the relevant financial year end. An order has been made by the Hong Kong Courts extending the time within which compliance should be made. Consequently, all relevant audited accounts have been laid before general meetings of these Group companies in compliance with the extended time limit specified in the court orders. No potential fine or penalty is applicable.

We have been advised by our Hong Kong Legal Adviser that as to the non-compliance of late and incorrect filings relating to company secretarial matters with the Companies Registry, the practical risk of our Hong Kong subsidiaries being penalised for their late and incorrect filing is low. Although the Companies Registry does have the right to impose fines and penalties, we understand from our Hong Kong Legal Adviser that, based on their experience and knowledge, the Registrar of Companies does not, in all cases, prosecute late filings or levy penalties. The Controlling Shareholders have, pursuant to the Deed of Indemnity, undertaken to fully compensate our Group for any loss arising from such late filings and so our Company has not made any provision in this regard. Our Directors consider that the above instances of non-compliance will not have a material impact on our operations or financial position, nor impair our ability to comply with the Listing Rules.

Dependance on our major suppliers and our ability to source travel products

Our success depends upon the range of travel products we can offer to the market which is also dependent on our ability to source and be granted access to the services of travel suppliers. For the years ended 31 March 2009, 2010 and 2011, our top 10 suppliers accounted for in aggregate approximately 57.3% (HK$499.0 million), 54.8% (HK$471.5 million) and 54.9% (HK$593 million) of our total cost of travel related products respectively. Purchases from our single largest supplier for each of the years ended 31 March 2009, 2010 and 2011 accounted for approximately 25.1%, 21.8% and 23.1% of our total cost of sales. We have not entered into any long-term supply contracts with any of our suppliers. In the event of inadequate support by our suppliers, we would have to source travel products from alternative travel suppliers which may be at a higher cost and may not be totally absorbed by our customers. An insufficient or untimely supply of tickets and hotel rooms will adversely affect our ability to meet our customers' needs thus adversely affecting our profitability. This may also adversely affect our position in the market.

Reliance on external systems and services

We are dependent on our information technology systems/networks and integration of our systems/networks with those of our suppliers and service providers (such as airlines and GDS providers) to conduct our business.

In the event that our systems become outdated and cease to be compatible with the systems of our suppliers and service providers, or if new technologies which we implement cannot successfully interface with our suppliers and service providers in the intended manner or timescale, this would adversely affect the delivery of our services.

We rely on external service providers for GDS, through which we make bookings with suppliers of air tickets. Any interruption or termination in the services or deterioration in the performance of GDS could seriously disrupt our business, our service levels, our reputation and negatively impact our operating results. If our arrangements with the external service providers are terminated and we are unable to source alternative service providers and/or negotiate beneficial commercial terms with our new service providers, our business operations and profitability may be adversely affected.

Our Group is subject to minimum GDS bookings and segments commitment with our GDS providers

Our Group relies on a GDS to operate efficiently. Our Group has entered into long term service agreements for no less than five years with two independent third party GDS providers. Pursuant to our GDS service agreements, fees in respect of information access, booking access, hardware usage and services are payable by us to our Group's GDS providers. Both of our GDS service agreements require a prescribed percentage of our Group's total GDS bookings to be made through each of the respective GDS. Such prescribed percentages represent a substantial portion of our Group's total GDS bookings. Further, both of the GDS agreements require our Group to commit yearly minimum segments to be booked through each of the respective GDS throughout the respective contract period. Our Group is required to compensate the GDS providers any shortfall of the prescribed GDS bookings percentage or the yearly minimum segments, as agreed between our Group and the respective GDS providers. According to the GDS service agreements, in the event of early termination by our Group, our Group shall be liable to pay liquidated damages to the GDS provider(s) in respect of the remainder of the relevant contract period. During the Reporting Period, our Group has exceeded the prescribed GDS bookings percentage and the yearly minimum segments. For the twelve months ended 31 December 2010, our Group exceeded the minimum annual segments by more than 100%.

Our Group's aggregate committed minimum segments under the GDS agreements in 2012 represent an increase of approximately 13% over that in 2011 and in 2013 will increase further by approximately 90% over the aggregate committed minimum segments in 2012. As further elaborated under sub-heading "GDS" in the "Business" section in this prospectus, our Directors expect that the development of the corporate sales business and our possible regional expansion will contribute to a surge of the Group's GDS bookings and segments in 2012 and even more in 2013. In light of our Group's track record in meeting the minimum annual segments during the Reporting Period, the quantum by which our Group exceeded the minimum annual segment for the twelve months ended 31 December 2010 and our Group's future growth drivers attributable to the development of the corporate sales business and possible regional expansion, our Directors consider that our Group would be able to meet the committed minimum annual segments and avoid any monetary compensation resulting from failure to meet the committed minimum annual segments. In the event of early termination by our Group of the GDS agreement(s) or if our Group fails to satisfy the very substantial GDS bookings percentage or the yearly minimum segments, as agreed between our Group and the respective GDS providers, our Group is obliged to pay monetary compensation to the GDS providers according to the GDS service agreements. Such monetary compensation may adversely affect our financial condition. There may also be consequential negative impact to our Group's operations and reputation.

We have not carried out any systematic verification on our Group's incentive income receivable during the Reporting Period

Our Directors note the significant increase in our Group's incentive income which amounted to approximately HK$12.5 million for the year ended 31 March 2011, representing an increase of approximately 56% as compared to approximately HK$8.0 million for the year ended 31 March 2010. The incentive income of approximately HK$8.0 million for the year ended 31 March 2010 represents an increase of approximately 23% as compared to approximately HK$6.5 million for the year ended 31 March 2009. During the years ended 31 March 2009, 2010 and 2011, incentive income contributed approximately 3.9%, 4.7% and 6.1% respectively to our Group's revenue.

Our Group's incentive income is principally derived from the GDS providers and airlines, wholesale and land agents, insurance companies and hotels, contributing approximately 71%, 16%, 4% and 1% respectively (totalling 92%) to the total incentive income of the Group of HK$12.54 million for the year ended 31 March 2011. The remaining 8% of the total incentive income for the year ended 31 March 2011 was contributed by other suppliers without any incentive contracts.

Our Group receives incentive income from various sources. The structure of our incentive schemes are non-comparable in many ways and may be subject to changes after reaching agreements with our Group from time to time. The targets set out in each of these incentive schemes vary from one source to the other, some of which are based on net flown target by month or by quarter, number of passengers flown, number of bookings, revenue growth rate and sales volume. Furthermore, each supplier has its own unique definitions and parameters in calculating which transactions qualify to be included under their respective incentive schemes. Our Group's Product Development Division has the principal responsibility to review and monitor our GDS providers' and suppliers' incentive schemes and the incentive income received by our Group from our GDS providers and our suppliers.

A systematic verification of the amount of incentive income receivable by our Group is possible if there are information reports tailor-made according to the terms of the incentive schemes. In the event that a discrepancy on the incentive income receivable is suspected or any clarification is needed, our Product Development Division is responsible to investigate it and, if necessary, clarify with the GDS providers and suppliers for a suspected short-fall of incentive income receivable by our Group. It is uncertain whether our Group has actually been paid less incentive income than we should be.

The incentive schemes of our GDS providers are based on net air segments booked by our Group. Our existing information system does not capture records of air segments booked or cancelled as an air segment is not a transaction unit affecting gross sales proceeds, revenue or cost. Our Directors are not aware of the availability of air segments tracking system used by travel agents in Hong Kong.

During the Reporting Period, our Group monitored (i) the incentive income receivable from the GDS providers on a month by month basis with reference to the GDS providers' monthly reports, the trend of our Group's cost of sales records, and the GDS providers' incentive terms and conditions; and (ii) the incentive receivable from our Group's suppliers based on the suppliers' incentive reports, our Group's cost of sales records, and the suppliers' incentive terms and conditions. Our Group found that the reports provided by the GDS providers and our Group's suppliers were in agreement with our Group's cost of sales records and did not detect any suspected short-fall of incentive income receivable by our Group. As such, our Group did not request any clarification with the GDS providers or the suppliers resulting from a suspected short-fall of incentive income. Our Directors consider that, even if there is any suspected short-fall of incentive income receivable by our Group, it may be extremely difficult to successfully pursue a rectification by the GDS providers and the suppliers as the GDS providers' monthly net air segment reports and the suppliers' incentive reports are seemingly prepared based on relatively sophisticated information systems and databases.

Uncertainties associated with the expansion of our business

As our Group and our operations expand, we will be required to continue to improve, and where appropriate, upscale our operational and financial systems, information technology systems and online platforms, procedures and internal controls and expand, retain, manage and train our employees. There is a risk of an adverse impact on our financial performance if we are unable to manage our expansion and growth efficiently and effectively.

We may seek to grow our business through business acquisitions, franchise, technology acquisitions, investments in business, joint ventures and/or strategic alliances as and when opportunities arise. However, as there may be limited opportunities for suitable acquisitions, strong competition in acquiring favourable targets as well as unforeseen expenses, complications and delays in respect of executing any potential expansion plans, there is no assurance that we may identify and enter into arrangements with suitable partners such that our expansion plans will be successful. In the case of overseas expansion, we may have to address issues with regard to relevant foreign investment laws and regulations. We would also need to familiarise ourselves comprehensively with the relevant business, economic, social, employment, legal and political conditions.

No assurance can be given that we will be successful in implementing any expansion strategies. Failure to do so will result in us incurring expenses and possible losses, which may have a material and adverse impact on our business, financial condition and results of operations.

In expanding our business, we may not have adequate experience in integrating any new business, product or technology into our existing business. The process of integration may also produce unforeseen delays or operating difficulties and substantial expenditures and may absorb significant attention of our management. If we fail to achieve a sufficient level of revenue or if our expansion plans result in a lapse of customer service, integration problems with an acquired company, or any other unanticipated adverse events or circumstances, our future financial position and performance may be materially and adversely affected.

There may be risks associated with the economic condition, political environment and legal system in the countries which we may expand into. Our Group is in the process of setting up the WFOE and may or may not operate in the PRC in the future. The PRC's economy differs from the economies of most developed countries in many aspects, including: the structure of the economy; the amount of government intervention, the level of infrastructure development, the level of capital reinvestment and the control of foreign exchange. Over the past two decades, the PRC government has undertaken reform measures in its economic systems, resulting in significant economic growth. However, there is no assurance that the PRC government will continue to pursue such reforms or that all the reform measures implemented will be effective. To the extent our Group's operations may be conducted in the PRC in the future, changes in the general economic and political environment in the PRC and changes in the economic policies of the PRC government may directly or indirectly affect the business, the results of operations and the financial position of our Group.

The PRC is still in the process of developing a comprehensive statutory framework. Since 1979, the PRC government has established a commercial law system, and significant progress has been made in promulgating laws and regulations relating to economic affairs and matters, such as corporate organisation and governance, foreign investment, commerce, taxation and trade. However, many of these laws and regulations are relatively new, and the implementation and interpretation of these laws and regulations remain uncertain in many areas. To the extent that our Group's operations may be conducted in the PRC in the future, developments and changes in PRC laws and regulations, including their interpretation and enforcement, may have a material and adverse effect on our business, financial condition and results of operations.

Our current information system does not generate segmental breakdown of our results

In accordance with the requirements of HKFRS 8 on "Operating Segments", we have identified our Group's operating segment based on the regular internal financial information reported to our Group's executive Directors for their decisions about resources allocation and review of performance. Our Group monitors the overall gross margin of each transaction as a whole. The gross sales proceeds and the gross margins are not segregated into the underlying travel products in each transaction. The only component in the internal reporting to our executive Directors during the Reporting Period was our Group's travel agency business and as such no segmental disclosures were made in our financial statements. We are able to analyse our gross sales proceeds by corporate and retail customers using the data maintained in our Group's accounting information system. However, our Group's accounting information system is unable to generate any analysis of gross profit margin by segments as the data contained in the accounting information system has not been segregated, whether by type of customers or products.

We are in the process of upgrading our information system on a progressive basis to enable segmental reporting of our financial information. Our Group's existing booking system will be replaced by a new booking system which will enhance the inputting of segregated data systematically. The new booking system has been designed to be compatible with our Group's accounting information system to enable segmental analysis including gross sales proceeds, revenue and gross profit analyses by categories of travel products and categories of retail and corporate sales going forward. We expect the upgrade to be fully completed by the end of 2012 following whereupon we propose to present segmental disclosures in our financial statements. However, such disclosure would not be made retrospectively on our historical results.

RISKS RELATING TO TRAVEL INDUSTRY

The travel industry is cyclical and particularly sensitive to economic conditions

The travel industry has been cyclical and affected by, among other factors, supply of and demand for carriers' seats and hotel rooms, the rate of economic growth, interest rates, inflation and political and economic developments. Deterioration in the global financial markets and economic conditions have, in the past, reduced, and could reduce, business and consumer travel activities. Our key performance indicators and results of operations for the year ended 31 March 2010 were impacted by the global financial crisis and the outbreak of H1N1. There may be uncertainties relating to the economic conditions and the demand for travel in the future. Turbulence in the international financial markets and economies, and prolonged declines in business and consumer travel activities, may adversely affect our business, results of operations and future prospects.

Our business is subject to seasonality factors

The travel industry business is inherently seasonal, whereby sales of packages and services will increase in respect of holiday periods and decrease in respect of off-peak times and prices of packages and services are subject to fluctuation between peak seasons and low seasons. Accordingly, during the Reporting Period, our sales demonstrated a seasonal pattern. We normally achieved higher revenue in the months of January, March, November and December. The revenue generated in these months in aggregate accounted for approximately 27.26%, 38.62% and 37.82% respectively of the revenue for the years ended 31 March 2009, 2010 and 2011. Our Directors consider that the higher revenue during these months was attributable to the festive holidays including New Year, Chinese Lunar New Year, Easter, and Christmas, when more travellers tend to go on holidays overseas and higher sales were generated shortly before the holidays as travellers booked and paid for their bookings. Our operating results may be subject to fluctuations due to seasonality factors from time to time.

The outbreak or threatened outbreak of any severe contagious diseases could adversely affect our business and results of operations

The outbreak, or threatened outbreak, of any severe communicable disease (such as severe acute respiratory syndrome, avian influenza or H1N1 influenza), may materially and adversely affect overall sentiment to travel products and the business environment in the travel industry, particularly if such outbreak is inadequately controlled. This in turn may materially and adversely affect travellers and the frequency of travel. Our Group's revenue is currently primarily derived from our travel agent and consultancy businesses and any slowdown in the travel industry may materially and adversely affect our Group's business and results of operations. In addition, if any of our Group's employees are affected by any severe communicable disease, it may adversely affect or disrupt our Group's operations and adversely affect our results as our Group may be required to close some or all of our retail shops to prevent the spread of the disease. The spread of any severe communicable disease may also affect the operations of our Group's customers and this may in turn materially and adversely affect our Group's business and/or results of operations.

Our business may be adversely affected in the event of natural disasters, such as an earthquake, terrorist attack or other catastrophic events in countries which are popular travel destinations for our customers

Natural disasters, terrorist attacks or other casualty events in countries which are popular travel destinations among our customers may materially and adversely affect sentiment to travel products relating to the affected area or country which may lead to an adverse impact on our business which is predominantly focused on outbound travelling. The earthquake which struck the Tohoku district, northeast of Tokyo on 11 March 2011 coupled with aftershocks in the days after the earthquake, associated tsunami waves on the north east coast of Japan and a nuclear radiation leak crisis in Fukushima, have caused travellers to cancel their trips to Japan or to shift to other destinations. For the years ended 31 March 2009, 2010 and 2011, 17.09%, 14.61% and 14.41% respectively of our gross sales proceeds were attributable to travel bookings to Japan. Following the Japan crisis, there has been an immediate decline in the number of bookings to Tokyo and other Japanese cities. The impact of such earthquake and in particular the nuclear radiation crisis is uncertain and any further damage resulting from the nuclear radiation may adversely affect our business and/or results of operations.

We may not be able to renew our existing regulatory licences

Under the TAO, we are required to hold a valid licence issued by the RTA to carry on business as a travel agent. As at the Latest Practicable Date, we have the necessary licences under the TAO. However, we are not able to guarantee that our licences will be renewed upon expiry. If we are unable to renew our licences, this will have a material adverse impact on our business, profitability and financial position.

Under the TAO, any person carrying on business as a travel agent is required to obtain a licence from the RTA. The licensing requirements include membership of TIC and a prohibition of carrying on business as a travel agent at a place other than that specified in that licence. Travel agents are required to abide by the TIC's codes of conduct and directives and are regulated by TIC. As of the Latest Practicable Date, we have valid licences from the RTA and we have satisfied all criteria for licensing, including membership of TIC.

Section 12(1) of the TAO empowers the RTA to refuse to grant a licence if it is of the opinion that the applicant or any person in Hong Kong responsible for the management of the business of the travel agent is not a "fit and proper" person to carry on business as a travel agent or the premises to which the application relates or the situation thereof are not suitable for the operation of the travel agent. If we are refused a licence, our Group may not be able to continue to provide travel agent services to our customers and our Group's financial performance and business operations may be adversely affected. Further, if the relevant authorities enact additional regulations or make changes to the existing laws or regulations, we may be required to incur additional compliance costs, which would have an adverse impact on our Group's financial condition.

Any possible reformation of the regulatory framework of the tourism industry in Hong Kong could adversely affect our operations

TIC plays an important role in regulating the tourism industry in Hong Kong. Over the years, the regulatory framework of the tourism industry and the functions and roles of TIC have evolved in tandem with the development of the tourism industry.

TIC was established in 1978 as a trade association for travel agents. In 1985, the TAO was enacted requiring all outbound travel agents to be licensed in response to the default of a number of these agents. The TAR was also set up in 1985 to administer the TAO, in particular, the licensing and regulation of travel agents. From 1986 to 1987, following the default of a number of outbound travel agents, the TAO was amended to bring in trade self-regulation to form the two-tier regulatory regime for outbound agents, and required that all outbound travel agents in Hong Kong must be members of TIC before applying for a travel agent's licence, which is issued by the TAR. Under this regime, TIC is responsible for trade self-regulation, including the promulgation of codes of conduct and directives, as well as putting in place a disciplinary mechanism to handle violation of the codes and directives by member agents. On the other hand, the TAR, as the licensing authority, is responsible for issuing travel agent's licences and the related work, including conducting financial surveillance on travel agents under the TAO.

In mid-2010, a spate of untoward incidents concerning the receiving arrangements for Mainland inbound tours and suspected coerced shopping have tarnished the reputation of the tourism industry in Hong Kong. These events have also aroused public concern about the effectiveness of TIC's regulatory regime in ensuring proper conduct within the trade. The public also questioned the fairness or the possible conflict of interest for TIC to regulate tourist guides. In response, the government of Hong Kong announced that it will conduct a review on the operation and regulatory framework of the entire tourism sector. The outcome of such review may result in a reformation of the regulatory framework which our Group will be required to comply with. Failure to comply with any new regulations imposed following such reformation could have a material and adverse effect on our business, financial condition and results of operations.

We face competition from competing agents and alternative travel booking media

The travel industry in Hong Kong is highly competitive. As of 30 June 2011, there were 1,572 licensed travel agents in Hong Kong which operate within our industry, an increase from 1,323 licensed travel agents in 2003. Our Directors believe that our existing network of more than 50 retail shops as at the Latest Practicable Date, provides us with a public presence throughout Hong Kong in strategically prominent locations that will allow our Group to effectively compete with other travel agents in Hong Kong. However, there is no assurance that we will be able to remain competitive, especially with the possible development of alternative travel booking media. Failure to continually offer quality packages to meet our customers' demands and changing needs or to develop and introduce new packages or enhance existing packages in a timely manner in response to changing market conditions or consumer preferences and tastes may materially and adversely affect our market share which in turn will adversely affect our business, financial conditions and operating results.

We are exposed to the risk of strikes of cabin crews and cancellation of airline flights

The Directors consider that the nature of our business is highly dependent on the variety and availability of flights provided by the airlines to satisfy our customers' travel needs and requirements. In turn, the ability of airlines to offer flights is reliant on the day to day smooth operations of their cabin crews. In the event that there are disputes or disagreements between the airline management and the unions to which the cabin crew belong and that these disputes or disagreements cannot be amicably and quickly resolved, there may be a risk that the unions will instruct the cabin crew to stage strikes or other industrial action, which may cause disruption and the possible cancellation of scheduled flights. Such flight cancellations will inevitably affect travellers who may need to reschedule or cancel their booked travel plans. Our Directors believe that our Group would not be liable for damages to customers who need to reschedule or cancel their booked travel plans due to industrial action or flight cancellation. The affected airlines may compensate such affected customers by allowing refunds and/or rescheduling of flights. The Group may be affected to the extent that the affected customers may request the Group to assist in rescheduling their trips or in handling any refunds if allowed by the airlines concerned. In addition, there may be potential disputes and/or complaints raised by customers in connection with flights cancellation and consequential disruption to their travel plans. Any prolonged cabin crew strikes and the consequential flights cancellation may adversely affect our business operations.

RISKS RELATING TO THE SHARE OFFER

There has been no prior public market for the Shares and an active trading market may not develop

An active trading market for the Shares may not develop and the trading price of the Shares may fluctuate significantly. Prior to the Share Offer, there has been no public market for the Shares. The Offer Price will be determined through negotiation between our Company and OSK Securities (for itself and on behalf of the Underwriters) and the Offer Price may not be indicative of the price at which the Shares will be traded following the completion of the Share Offer. In addition, there can be no assurance that an active trading market for the Shares will develop, or, if it does develop, that it will be sustained following completion of the Share Offer, or that the trading price of the Shares will not decline below the Offer Price.

The trading price of the Shares may also be subject to significant volatility in response to, among others, the following factors:

- variations in our Group's operating results;
- changes in the analysis and recommendations of securities analysts;
- announcements made by our Group or its competitors;
- changes in investors' perception of our Group and the investment environment generally;
- developments in information technology;
- changes in pricing made by our Group or its competitors;
- the liquidity of the market for the Shares;
- general economic conditions and other factors relating to the travel industry; and
- changes to management and/or key personnel.

The trading volume and the share price of the Shares may fluctuate

The price and trading volume of the Shares may be highly volatile. Factors such as variations in our Group's revenue, earnings and cash flow, strategic alliances or acquisitions, loss of key personnel, changes in ratings by financial analysts and credit rating agencies, litigation or fluctuations in the market prices for the products and services of our Group or the cost of travel products and services could cause large and sudden changes in the volume and price at which the Shares will trade. In addition, the Stock Exchange and other securities markets have from time to time experienced significant price and volume fluctuations that are not related to the operating performance of any particular company. These fluctuations may also materially and adversely affect the market price of the Shares.

Future sales of substantial amounts of the Shares in the public market could adversely affect the prevailing market price of the Shares

The Controlling Shareholders have given non-disposal undertakings to our Company, the Stock Exchange, the Sole Sponsor and the Joint Lead Managers (for themselves and on behalf of the Underwriters) in respect of their Shares and our Company will not be allowed to issue Shares or securities convertible into equity securities of our Company within six months from the Listing Date. Please refer to the section of this prospectus headed "Underwriting" for a more detailed discussion of the restrictions that may apply to future issues and sales of the Shares. After these restrictions lapse, the market price of the Shares could decline as a result of future sales of substantial amounts of the Shares or other securities relating to the Shares in the public market, the issuance of new Shares or other securities relating to the Shares, or the perception that such sales or issuances may occur. This could also materially and adversely affect our Group's ability to raise capital in the future at a time and at a price it deems appropriate.

Shareholders' interests in our Company may be diluted in the future

Our Group may issue additional Shares upon the exercise of options which were granted under the Pre-IPO Share Option Scheme and which may be granted under the Share Option Scheme. In addition, our Group may need to raise additional funds in the future to finance its business expansion, which may relate to existing operations, new business developments and/or new acquisitions. If additional funds are raised through the issuance of new equity or equity-linked securities of our Company, other than on a pro rata basis to existing Shareholders, then (i) the percentage ownership of those existing Shareholders may be reduced and they may experience dilution of their proportionate interests in our Company, and/or (ii) such newly issued securities may have rights, preferences or privileges superior to those of the Shares of the existing Shareholders. There may also be a dilution in the earnings per Share and net assets value per Share as a result of the increase in the issued share capital of our Company as a result of the issue of any additional Shares.

Such number of Shares subject to the options granted under the Pre-IPO Share Option Scheme represents (i) approximately 4.74% of the issued share capital of our Company immediately after completion of the Share Offer (excluding all Shares which may fall to be issued upon the exercise of the options granted or to be granted under the Pre-IPO Share Option Scheme and the Share Option Scheme); and (ii) approximately 4.53% of the issued share capital of our Company immediately after completion of the Share Offer as enlarged by the Shares falling to be issued upon full exercise of all the outstanding options granted under the Pre-IPO Share Option Scheme (excluding all Shares which may fall to be issued upon the exercise of the options to be granted under the Share Option Scheme).

As such, assuming full exercise of the outstanding options granted under the Pre-IPO Share Option Scheme, the shareholding of our Shareholders immediately following the Listing will be diluted by approximately 4.53%. Further, assuming that (i) our Company had been listed on the Stock Exchange since 1 April 2010 with 500,000,000 Shares in issue; and (ii) our Company had been listed on the Stock Exchange since 1 April 2010 with 500,000,000 Shares in issue and all the options granted under the Pre-IPO Share Option Scheme in respect of 23,704,000 Shares were exercised in full on 1 April 2010, the earnings per Share on a pro forma diluted basis would be approximately HK$0.06 (unaudited) and HK$0.06 (unaudited) respectively for the year ended 31 March 2011.

The interest of our Controlling Shareholders may not always coincide with our interests and those of our other Shareholders

Upon completion of the Share Offer, our Controlling Shareholders will own, in aggregate, approximately 71% of our Shares. Our Controlling Shareholders will be in a position to exercise significant influence over the operations and business strategy of our Company, and may have the ability to require us to effect corporate actions according to their own desires. The interests of our Controlling Shareholders may not always coincide with our or your best interests. If the interests of any of our Controlling Shareholders conflict with our and/or your interests, or if any of our Controlling Shareholders chooses to cause our business to pursue strategic objectives that conflict with our and/or your interests, our Company or those other Shareholders, including you, may be adversely affected as a result.