The following discussion and analysis should be read in conjunction with the audited combined financial information as of and for the years ended 31 March 2009, 2010 and 2011 with the related notes thereto, set out in appendix I to this prospectus. The combined financial information have been prepared in accordance with HKFRSs. For further information, please see "Appendix I — Accountants' Report". Any discrepancies in any table or elsewhere in this prospectus between the totals and sums of amounts listed herein are due to rounding.

The following discussion and analysis contain forward-looking statements that involve risks and uncertainties. Our actual results may differ significantly from those anticipated in these forward-looking statements. Factors that could cause or contribute to such differences include, without limitation, those discussed in the section headed "Risk factors" and elsewhere in this prospectus.

SELECTED COMBINED FINANCIAL INFORMATION

The following table summarises our combined financial results and position during the Reporting Period, prepared on the basis that our current Group structure had been in place throughout the Reporting Period. The summary is extracted from, and should be read in conjunction with, the Accountants' Report:

Combined statements of comprehensive income

	Year ended 31 March		
	2009	**2010**	**2011**
	HK$'000	*HK$'000*	*HK$'000*
Revenue	166,813	168,538	204,842
Other income	2,116	2,128	2,250
Selling and distribution costs	(109,065)	(113,568)	(138,418)
Administrative expenses	(22,149)	(20,839)	(30,345)
Profit before income tax	37,715	36,259	38,329
Income tax expense	(6,329)	(6,099)	(7,220)
Profit for the year attributable to owners of our Company	31,386	30,160	31,109
Other comprehensive income			
Fair value loss on available-for-sale financial assets	—	—	(33)
Other comprehensive income for the year, net of tax	—	—	(33)
Total comprehensive income for the year attributable to owners of our Company	31,386	30,160	31,076
	HK$	*HK$*	*HK$*
Earnings per Share attributable to owners of our Company			
— Basic *(Note)*	0.08	0.08	0.08

Note: The basic earnings per Share is calculated based on the profit attributable to owners of our Company during the Reporting Period and on the assumption of 400,000,000 Shares in issue after completion of the Capitalisation Issue but takes no account of any Shares which may fall to be allotted and issued under the Share Offer or any Shares which may be issued upon exercise of any options granted under the Pre-IPO Share Option Scheme or any options which may be granted under the Share Option Scheme.

Combined statements of financial position

	At 31 March		
	2009	**2010**	**2011**
	HK$'000	*HK$'000*	*HK$'000*
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	2,096	2,708	4,401
Deposit paid for purchase of property, plant and equipment	—	—	2,150
Available-for-sale financial assets	—	—	7,856
	2,096	2,708	14,407
Current assets			
Inventories	615	468	723
Trade receivables	7,696	8,257	5,264
Prepayments, deposits and other receivables	23,808	19,981	34,398
Financial assets at fair value through profit or loss	795	55	—
Amount due from a director	118	518	—
Amounts due from related companies	44,015	—	—
Cash and cash equivalents	69,404	82,958	94,866
Pledged deposits	1,567	321	34
	148,018	112,558	135,285
Current liabilities			
Trade payables	58,972	75,041	87,616
Accrued charges, deposits received and other payables	14,507	17,162	29,506
Amounts due to related companies	1,905	3,579	—
Dividend payable	—	—	10,000
Provision for tax	1,300	91	1,122
	76,684	95,873	128,244
Net current assets	71,334	16,685	7,041
Total assets less current liabilities/Net assets	73,430	19,393	21,448
EQUITY			
Equity attributable to owners of our Company			
Share capital	—	—	—
Reserves	73,430	19,393	21,448
Total equity	73,430	19,393	21,448

BASIS OF PRESENTATION

Our Company was incorporated in the Cayman Islands on 18 November 2009 as an exempted company with limited liability under the Companies Law. On 2 March 2010, TEEBVIL was incorporated in the BVI as a BVI Business Company, the entire issued share capital of which was owned by our Company. Pursuant to the Reorganisation, which is described more fully under the heading "Reorganisation" in appendix V to this prospectus, TEEBVIL acquired the entire issued share capital of TEEL from TEHL, in exchange for the allotment and issue of 9,999 Shares by our Company to the shareholders of TEHL. TEEL is the immediate holding company of our Group and is principally an investment holding company.

The combined financial information contained in this prospectus has been prepared using the principles of merger accounting as if our current Group structure had always been in existence. Accordingly, the results and cash flows of our Group for the Reporting Period include the results and cash flows of the companies now comprising our Group from 1 April 2008 as if our current Group structure had been in existence throughout the Reporting Period. The assets and liabilities of the combining entities or businesses are combined using their existing book values. No amount is recognised as consideration for goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination. The combined statements of comprehensive income include the results of each of the combining entities or businesses from the date of incorporation/establishment or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination. All significant intra-group transactions, balances and unrealised gains on transactions have been eliminated on combination. Unrealised losses are also eliminated unless the transactions provide evidence of an impairment of the asset transferred. For more details about the basis of presentation of our financial information, please see Note 1 of the Accountants' Report as disclosed in appendix I to this prospectus.

OVERVIEW

We are one of the long-established travel agents and travel consulting companies in Hong Kong. Our services principally include the provision of FIT packages which include any one or more of airline ticketing, outbound air-plus-hotel holiday packages, cruise holidays, other transportation arrangements in respect of outbound travelling including car rentals and bookings for ferries, buses, trains and airport express, hotel and accommodation bookings and escorted tours bookings. Our services in respect of local travelling include theme parks ticketing and other entertainment, leisure and incidental activities bookings. We also provide other travel related services such as visa processing and travel insurance processing. We focus on the FIT market and position ourselves as an FIT specialty travel agent. Further information regarding our Group's business is set out in the section headed "Business" of this prospectus.

RECENT DEVELOPMENTS

The following events took place after 31 March 2011 and were not reflected in the Accountants' Report.

1. Reorganisation

Our Group completed the Reorganisation in preparation for the listing of the Shares on the Stock Exchange. Details of the Reorganisation are set out in the section headed "Reorganisation" in appendix V to this Prospectus. As a result of the Reorganisation, our Company became the holding company of our Group on 6 September 2011.

2. Share option schemes

Pursuant to the resolution of our sole shareholder passed on 31 March 2011, our Company has adopted the Pre-IPO Share Option Scheme and pursuant to the resolution of our shareholders passed on 6 September 2011, our Company has conditionally adopted the Share Option Scheme. The principal terms of the share option schemes are set out in the section headed "Share Option Scheme" and "Pre-IPO Share Option Scheme" respectively in appendix V to this prospectus. As at the Latest Practicable Date, options to subscribe for an aggregate of 23,704,000 Shares have been conditionally granted under the Pre-IPO Share Option Scheme by our Company, and which remained outstanding as at the Latest Practicable Date.

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION

The following factors, among others, have, and will continue to have, a material impact on our results of operations and financial condition:

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, to a large extent, 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.

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 are subject to fluctuations due to seasonality factors from time to time.

Effect of any outbreak or threatened outbreak, of severe contagious diseases

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 leakage crisis may adversely affect our business and/or results of operations.

We might 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 TIC's codes of conduct and directives and are regulated by TIC. As of the Latest Practicable Date, we have a valid licence 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.

Competition from competing agents and alternative travel booking media

The travel industry in Hong Kong is a highly competitive business. As at 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.

SIGNIFICANT ACCOUNTING POLICIES

The discussion and analysis of our operating results and financial position are based on the Accountants' Report.

Preparation of our combined financial statements requires us to make estimates and judgements. Such estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. We make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal to the related actual results. The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of our assets and liabilities are discussed below. For more details about our significant accounting policies, see note 3 to the Accountants' Report.

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the provision of services, net of rebates and discounts. Provided it is probable that the economic benefits will flow to our Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised as follows:

(i) Service income is recognised upon services in respect of sales of air tickets, hotel accommodation and other travel related products are provided by our Group;

(ii) Incentive income is recognised when the conditions specified in the relevant contracts are fulfilled;

(iii) Interest income is recognised on a time-proportion basis using the effective interest method; and

(iv) Dividend is recognised when the right to receive payment is established.

Leases

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if our Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

Assets that are held by our Group under leases which transfer to our Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to our Group are classified as operating leases.

Operating lease charges as the lessee

Where our Group has the right to the use of assets held under operating leases, payments made under the leases are charged to profit or loss on a straight line basis over the lease terms except where an alternative basis is more representative of the time pattern of benefits to be derived from the leased assets. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Depreciation

We depreciate our property, plant and equipment using the straight-line basis at 50% per annum. The assets' useful lives, depreciation methods and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period.

Impairment of receivables

Our policy for impairment of receivables is based on our evaluation of collectability and on our management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each debtor.

Income taxes

Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. We recognise liabilities for anticipated tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences, of course, will impact upon the income tax and deferred tax provision for the period in which such determination is made.

Impairment of non-financial assets

We assess whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. They are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, our management estimates the expected future cash flows from the asset or cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows.

Revenue recognition

We assess our business relationships with customers and determine that we are acting as an agent in the majority of transactions relating to the sales of air tickets, hotel accommodation and other travel related products, and accordingly we report those revenue on a net basis (i.e. the difference between the selling price and the cost of sales).

INVESTMENT ACTIVITIES

During the Reporting Period and up to the Latest Practicable Date, our Group engaged in certain investment activities, including the purchases and sales of financial assets such as unlisted overseas mutual funds, dual currency investments and equity securities listed on the Main Board which were not constituents of the Hang Seng Index. The major reason we engaged in such investment activities was to maximise the return on our Group's capital. All of the funds used in such investment activities were internally generated funds. All of the counterparties of our off-market investment transactions are independent third parties.

The details of the investment activities conducted by our Group during the three years ended 31 March 2011 are as follows:

Year ended 31 March 2009

Type	**Number of Transaction**	**Trade Value**	**Average Trade Value**	**Average Holding Period (Days)**	**Gain/ (Loss) on Financial Asset (HKD)**
			Current Assets		
Forex Contracts	21			5.05	184,170.42
JPY	19	JPY 250,000,000.00	JPY 13,157,894.74	5.16	
EUR	1	EUR 100,000.00	EUR 100,000.00	4.00	
AUD	1	AUD 100,000.00	AUD 100,000.00	4.00	
Currency Options	20			14.35	127,421.91
JPY	18	JPY 545,660,029.00	JPY 30,314,446.06	14.39	
USD	2	USD 519,926.83	USD 259,963.42	14.00	
Dual Currency Investments	21			12.24	161,770.19
HKD	1	HKD 800,000.00	HKD 800,000.00	14.00	
USD	9	USD 1,706,215.80	USD 189,579.53	11.67	
JPY	11	JPY 210,386,747.00	JPY 19,126,067.91	12.55	
Total	62				473,362.52

Year ended 31 March 2010

Type	Number of Transaction	Trade Value	Average Trade Value	Average Holding Period (Days)	Gain/ (Loss) on Financial Asset (HKD)
			Current Assets		
HK Listed Stocks	7	HKD 500,239.67	HKD 71,462.81	70.71	91,833.51
Currency Options	50			14.02	47,021.62
JPY	32	JPY 862,562,888.00	JPY 26,955,090.25	11.75	
USD	16	USD 4,119,636.08	USD 257,477.26	12.69	
EUR	1	EUR 190,833.77	EUR 190,833.77	31.00	
AUD	1	AUD 1,000,000.00	AUD 1,000,000.00	14.00	
Dual Currency Investments	5			9.80	27,425.14
HKD	1	HKD 1,000,000.00	HKD 1,000,000.00	14.00	
USD	1	USD 208,333.33	USD 208,333.33	7.00	
JPY	3	JPY 34,839,543.00	JPY 11,613,181.00	9.33	
Equity Link Investments	3	HKD 12,717,666.42	HKD 4,239,222.14	32.00	101,773.58
Total	65				268,053.85

Year ended 31 March 2011

Type	Number of Transaction	Trade Value	Average Trade Value	Average Holding Period (Days)	Gain/ (Loss) on Financial Asset (HKD)
			Current Assets		
HK Listed Stocks	1	HKD 55,200.00	HKD 55,200.00	251.00	(11,625.23)
Currency Options	17			13.59	33,593.23
JPY	13	JPY 272,250,000.00	JPY 20,942,307.69	13.46	
USD	1	USD 250,000.00	USD 250,000.00	14.00	
AUD	3	AUD 911,696.00	AUD 303,898.67	14.00	
Dual Currency Investments	5	HKD 5,875,000.00	HKD 1,175,000.00	14.20	355.41
Currency Swap Order	4			69.25	(252,464.26)
USD	3	USD 2,708,200.00	USD 902,733.33	92.00	
AUD	1	AUD 24,022.22	AUD 24,022.22	1.00	
Bond	1	USD 205,989.00	USD 205,989.00	17.00	(4,161.06)
Bond Fund	2	USD 400,000.00	USD 200,000.00	153.00	(48,219.56)
Total	30				(282,521.47)
			Non-Current Assets		
Bond Fund	6	USD 1,016,499.81	USD 169,416.64	Long holding	NA

As at 31 March 2009, 2010 and 2011, our Group had available-for-sale financial assets of Nil, Nil and HK$7,856,000 and financial assets at fair value through profit or loss of HK$795,000, HK$55,000 and Nil respectively.

During the Reporting Period, our Group's investment in financial assets generated accounting profits of approximately HK$473,000 and HK$268,000 for the years ended 31 March 2009 and 2010 respectively, and incurred accounting loss of approximately HK$282,000 for the year ended 31 March 2011. In addition, our Group's investment in financial assets incurred other comprehensive loss of approximately HK$33,000 for the year ended 31 March 2011. During the year ended 31 March 2009, we used cash of approximately HK$30,718,000 on, and generated cash of approximately HK$30,396,000 from, our Group's investments in financial assets. During the year ended 31 March 2010, we used cash of approximately HK$35,906,000 on, and generated cash of approximately HK$36,914,000 from, our Group's investments in financial assets. During the year ended 31 March 2011, we used cash of approximately HK$41,890,000 on, and generated cash of approximately HK$33,774,000 from, our Group's investments in financial assets.

In view of the recent market volatility, we will cease to engage in such investment activities in future. Subsequent to 31 March 2011, we have disposed of all of our outstanding financial assets comprising investment in bond funds and realised a loss on disposal of approximately HK$0.14 million before taking into account any transaction cost.

During the Reporting Period and up to the Latest Practicable Date, the management and monitoring of our Group's investment activities were handled by our executive Directors who received and reviewed reports on the management of our Group's investment portfolio on a monthly basis. Our executive Directors do not have any professional qualification regarding investment activities. During the Reporting Period and up to the Latest Practicable Date, our executive Directors relied on the professional advice of external organisations engaged by our Group in making investment decisions. After the Listing, according to our Group's treasury management policy and procedures, our Group will invest its operating funds in cash management instruments whilst our Group's surplus funds i.e. any amount in excess of our Group's operating funds requirement, will be placed in term deposits with registered banks. Our Group's operating funds are determined based on a forward rolling cash flow forecast maintained by our Finance and Accounting Department detailing the expected dates of major receipts and payments of our Group for the next 12 months. After the Listing, our executive Directors will continue the monthly reviews on our Group's treasury activities and in addition our entire Board, including the independent non-executive Directors will receive reports on our Group's treasury activities and convene meetings on a quarterly basis to review the management of our Group's treasury activities. After the Listing, the Audit Committee will review the treasury risk compliance records on a quarterly basis. The chief financial officer of our Company manages our Group's treasury operations and controls the day-to-day cash management activities. According to our Group's treasury management policy and procedures, we are only permitted to invest in cash management instruments, limited to deposits with registered banks, negotiable instruments, and term deposits with registered banks. Our Group's treasury management policy and procedures also set out guidelines on the usage of our Group's operating funds and surplus funds whereby our Group's operating funds can only be invested in cash management instruments whilst our surplus funds can only be placed in term deposits with registered banks.

DESCRIPTION OF THE MAJOR COMPONENTS OF OUR RESULTS OF OPERATIONS

Revenue

We have only one reportable revenue raising segment which is the travel agency business comprising the sales of travel packages including air tickets, hotel accommodation and other travel related products in Hong Kong. We identified our 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.

The gross sales proceeds from the sales of air tickets, hotel accommodation and other travel related products to our customers and the breakdown of our revenue for the years ended 31 March 2009, 2010 and 2011 are as follows:

	Year ended 31 March		
	2009	**2010**	**2011**
	HK$'000	*HK$'000*	*HK$'000*
Retail customers	942,767	953,468	1,213,931
Corporate customers	73,301	72,169	71,105
Gross sales proceeds	1,016,068	1,025,637	1,285,036
Cost of travel related products	(855,783)	(865,072)	(1,092,734)
Revenue from customers	160,285	160,565	192,302
Incentive income from GDS provider(s), airlines and other travel products suppliers	6,528	7,973	12,540
Revenue	166,813	168,538	204,842

Our revenues for the years ended 31 March 2009, 2010 and 2011 were approximately HK$166.8 million, HK$168.5 million and HK$204.8 million respectively, representing a year-on-year growth of approximately 1.0% and 21.5% respectively for the years ended 31 March 2010 and 2011.

Our Group's service is considered rendered and hence service income is recognised when the booking of air tickets, hotel accommodation and other travel related products are confirmed by the suppliers and the customers.

We only act as an agent for the airlines, the hotels and other service providers and no refunds will be made for any confirmed travel products and services. However, our Group, as the agent, may handle the refund procedures at our customers' request. If the suppliers agree to refund, we will collect the money from the suppliers and then deliver it to the customers. However, such refund would exclude the portion relating to our Group's service fee. In fact, we will normally charge a handling fee to the customers for processing the refunds. Since we are entitled to receive the agency service income even if the travel products and services were cancelled, the cancellation of paid travel products and services has no impact on our Group's revenue recognition policy.

As for incentive income, it is recognised when the conditions specified in the relevant contracts are fulfilled. In the event there is no contract entered into with the suppliers, the incentive income is recognised upon receipt of payment or the suppliers' incentive reports or account statements. During the Reporting Period, our Group recognised incentive income based on the suppliers' incentive reports or account statements in the relevant period, which as confirmed by the Reporting Accountants, is consistent with our Group's accounting policy on the recognition of incentive income. Given the recognition of incentive income during the Reporting Period is supported by independent third parties' evidence, our Directors substantiate that our Group's incentive income recognised can be measured reliably and is not subject to any material overstatement. Having considered the Reporting Accountants' understanding and the Directors' views as set out above, the Sole Sponsor concurs that our Group's incentive income during the Reporting Period were not subject to any material overstatement.

Our Directors note the significant increase of 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 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.

During the Reporting Period, our Group monitored (i) the incentive income receivable from the GDS providers month by month 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.

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.

Based on our Directors' discussion with the management of the GDS providers, and the management of a number of travel agents in Hong Kong, our Directors understand that it is not an industry practice for travel agents in Hong Kong to track air segments booked or cancelled due to the following reasons:

- An air segment is not a direct transaction unit for travel agents affecting gross sales proceeds, revenue or cost.

- It is common for air passengers to make various bookings without actual commitment and subsequently cancel all but the selected booking, if not all of such bookings. According to the management of one of the GDS providers, the cancellation rate of air segment bookings in Hong Kong is up to 70%. Even if a travel agent tries to develop a system to track air segments, the maintenance of such system would be very costly compared to its benefits.

- A GDS is a sophisticated global distribution system used for the booking of air tickets and other travel related products. There are only a handful of major GDS service providers worldwide. For such a complex and sophisticated system, it is expected that the data integrity of such system would be unquestionable. Travel agents are reliant on the system support and service of GDS providers in order to operate efficiently. As such, the GDS providers and the subscribing travel agents usually work closely together to build mutual trust and long-term business relationships.

After reviewing the increasing trend and significance of incentive income, our executive Directors have taken the following steps to tighten our Group's internal control measures:

(i) Our Group has since 1 September 2011, on a trial basis, generated a new information report containing information regarding the air segments relating to all air tickets issued via the GDS providers. Our Group's new information report provides information on the number of air segments of all air tickets which have been issued during the prescribed period. Although our Group's new information report does not exactly reflect the algorithm of the GDS providers' net air segments, it provides complete information on our Group's net air segments attributable to air tickets issued via the GDS systems as derived from our Group's existing operating system. Since our new information report's algorithm and database are different from those of the GDS providers, our Group is uncertain on the verification results. The timing difference among booking, cancellation and issuing of an air ticket cannot be nullified even over time and its impact on the new information report cannot be ascertained. Our Group's new information report on air segments will be used as a basis for detecting material suspected short-fall of incentive income. Our Product Development Division is responsible to review such reports and compare to the GDS providers' monthly net air segment reports every month to detect possible discrepancy. Our executive Directors will also explore the feasibility of expanding our database to capture information on all bookings and cancellations going forward. At this point, based on our executive Directors' discussion with external IT consultants, it is uncertain whether it is likely that such enhancement to the Group's operating system is feasible and if so, the likely implementation timeframe. Our Directors would consider the feasibility and decide the appropriate actions after weighing the cost, the benefits and the severity of potential internal control risks.

(ii) Our executive Directors will ensure that the new operating system will enable our Group to generate information reports for verifying the suppliers' incentive reports or account statements (other than the GDS providers). The new operating system is targeted to be ready for rolling out by the end of 2012. In the interim until a systematic method can be enabled with the new operating system, our Group will continue to carry out review to manage the risk of potential short-fall of incentive income receivable from its suppliers. Our Group will also regularly sample the suppliers' incentive reports for detailed verification to minimise the potential control risks over incentive income receivable from our suppliers.

Other income

The table below sets out the components of our other income during the Reporting Period:

	Year ended 31 March		
	2009	**2010**	**2011**
	HK$'000	*HK$'000*	*HK$'000*
Interest income on deposits in banks and financial institutions stated at amortised cost	408	102	189
Interest income received from a related company	320	254	—
Dividend income	—	—	185
Net fair value gain on financial assets at fair value through profit or loss	473	268	—
Sundry income	915	1,504	1,876
	2,116	2,128	2,250

Sundry income mainly related to joint advertising income. During the Reporting Period some independent tourism organisations have cooperated with us to participate in promotional events and we received certain sponsorship/subsidies from them. The joint advertising income represented 7.2%, 35.3% and 48.5% of our sundry income for the years ended 31 March 2009, 2010 and 2011 respectively. Our Group has realised fair value gain on our investment in financial assets at fair value through profit or loss (including, but not limited to, dual currency investments, currency options, equity securities listed in Hong Kong and bond funds) which amounted to approximately HK$473,000 and HK$268,000 for the years ended 31 March 2009 and 2010 respectively.

Selling and distribution costs

Selling and distribution costs consist primarily of advertising and promotion, credit card charge, electricity and water, depreciation, rents and rates on retail shops, management fees on retail shops, salaries and TICF levy. For the years ended 31 March 2009, 2010 and 2011, our selling and distribution expenses represented 65.4%, 67.4% and 67.6% respectively of our revenue. Salaries accounted for the vast majority of our selling and distribution expenses, representing 58.8%, 57.0% and 56.9% of our selling and distribution expenses for the years ended 31 March 2009, 2010 and 2011 respectively.

	Year ended 31 March		
	2009	**2010**	**2011**
	HK$'000	*HK$'000*	*HK$'000*
Advertising and promotion	9,053	10,781	12,105
Credit card charge	3,774	4,351	7,209
Electricity and water	1,244	1,285	1,461
Depreciation	2,403	2,068	2,694
Rents and rates on retail shops	22,890	24,641	29,166
Management fees on retail shops	806	988	1,261
Salaries	64,084	64,678	78,773
TICF levy	1,486	903	980
Others	3,325	3,873	4,769
	109,065	113,568	138,418

Administrative expenses

Administrative expenses consist primarily of salaries and welfare, rents and rates on offices, exchange differences and computer and system maintenance. Salaries and welfare represented the largest component of our administrative expenses, representing 55.4%, 71.9% and 66.1% of our administrative expenses for each of the years ended 31 March 2009, 2010 and 2011 respectively.

	Year ended 31 March		
	2009	**2010**	**2011**
	HK$'000	*HK$'000*	*HK$'000*
Auditors' remuneration	164	210	500
Bank charges	233	283	291
Computer and system maintenance	707	885	572
Management and consultancy fees	2,760	276	375
Donation	329	—	—
Depreciation and amortisation	690	447	617
Entertainment	143	187	288
Electricity and water	328	232	221
Professional fees	80	502	1,179
Listing expenses	—	—	1,574
Membership and licence fee	99	101	122
Office expenses	919	1,058	1,295
Rents and rates on offices	2,238	1,356	1,727
Management fees on offices	164	122	114
Salaries and welfare	12,265	14,991	20,050
Exchange differences	(497)	(1,198)	(490)
Others	1,527	1,387	1,910
	22,149	20,839	30,345

Income tax expense

Cayman Islands Profits Tax

Our Group currently has no income, capital gains or other taxes in effect in the Cayman Islands on the basis of present legislation.

British Virgin Islands Profits Tax

Our Group currently has no income, capital gains or other taxes in effect in British Virgin Islands on the basis of present legislation.

Hong Kong Profits Tax

Our Company's Hong Kong incorporated subsidiaries are subject to Hong Kong profits tax at a rate of 16.5% on their respective estimated assessable profits. Profits tax liabilities will be governed by the provisions of the Inland Revenue Ordinance (Cap. 112 of the laws of Hong Kong).

Comparison of our results for the years ended 31 March 2011 and 31 March 2010

Revenue

Our total revenue for the year ended 31 March 2011 was approximately HK$204.8 million representing an increase of approximately HK$36.3 million, or 21.5% from approximately HK$168.5 million for the year ended 31 March 2010. This was primarily due to the opening of 10 new retail shops during the year ended 31 March 2011.

Other income

Other income for the year ended 31 March 2011 was approximately HK$2.3 million representing an increase of approximately HK$0.2 million, or 9.5% from approximately HK$2.1 million for the year ended 31 March 2010. This was primarily due to an increase in joint advertising income of HK$0.4 million.

Selling and distribution costs

Selling and distribution costs for the year ended 31 March 2011 was approximately HK$138.4 million representing an increase of approximately HK$24.8 million, or 21.8% from approximately HK$113.6 million for the year ended 31 March 2010. However, selling and distribution costs as a percentage of revenue for the year ended 31 March 2011 remained largely the same with that of the previous year, at approximately 67.6% as compared to 67.4% for the year ended 31 March 2010. The increase in selling and distribution costs was mainly due to the increase in salaries from approximately HK$64.7 million to HK$78.8 million due to an increase of headcount for frontline staff from 286 as at 31 March 2010 to 340 as at 31 March 2011. Rents and rates on retail shops increased by approximately HK$4.5 million due to an increase in rental rates of our existing retail shops upon renewal of the respective leases, and due to the fact that our Group opened 10 new retail shops during the year ended 31 March 2011. Credit card charge increased by approximately HK$2.9 million, representing an increase of 65.9% from HK$4.4 million in the year ended 31 March 2010 due to the fact that from November 2009 onwards we stopped our practice of charging the credit card charges to our customers.

Administrative expenses

Administrative expenses for the year ended 31 March 2011 was approximately HK$30.3 million representing an increase of approximately HK$9.5 million, or 45.7% from approximately HK$20.8 million for the year ended 31 March 2010. Administrative expenses as a percentage of revenue for the year ended 31 March 2011 also increased from 12.4% for the year ended 31 March 2010 to 14.8%. The increase was mainly contributed by the increase in salaries and welfare from approximately HK$15.0 million to HK$20.1 million as a result of increase in administrative staff from 86 as at 31 March 2010 to 95 as at 31 March 2011, whereby more senior management staff were recruited. The increase was also attributable to the listing expenses incurred by our Group in the year ended 31 March 2011 of approximately HK$1.6 million and the increase in professional fees by approximately HK$0.7 million. Rent and rates on offices increased by HK$0.4 million primarily due to the new lease entered into by our Group in respect of an additional office premise located in Far East Consortium Building. Audit fee increased by approximately HK$290,000 due to an increase in the complexity of our Group. The exchange gain recorded by our Group in the year ended 31 March 2011 decreased to HK$0.5 million from HK$1.2 million in the year ended 31 March 2010. Other administrative expenses also increased from approximately HK$1.4 million in the year ended 31 March 2010 to HK$1.9 million in the year ended 31 March 2011 mainly due to a loss of HK$0.3 million incurred on the disposal of our Group's available-for-sale financial assets.

Income tax expense

Income tax expense for the year ended 31 March 2011 was approximately HK$7.2 million representing an increase of approximately HK$1.1 million, or 18.0% from approximately HK$6.1 million for the year ended 31 March 2010. The increase in income tax expense was mainly due to the effect of non-deductible expenses, unused tax losses not recognised and taxable temporary differences not recognised.

Comparison of our results for the years ended 31 March 2010 and 31 March 2009

Revenue

Revenue for the year ended 31 March 2010 was approximately HK$168.5 million representing an increase of approximately HK$1.7 million, or 1.0%, from revenue of approximately HK$166.8 million for the year ended 31 March 2009. The slight increase in revenue was primarily attributable to our ability to negotiate betters terms with our suppliers. As the global economic situation started to improve in the second half of 2009, especially in Asia, we experienced a strong and steady recovery of sales during the second half of 2009.

Other income

Other income for the year ended 31 March 2010 was approximately HK$2.1 million which largely levelled with the previous year. 3.1% and 25.0% respectively of other income was contributed by joint advertising income for the years ended 31 March 2009 and 2010 respectively.

Selling and distribution costs

Selling and distribution costs for the year ended 31 March 2010 amounted to approximately HK$113.6 million representing an increase of approximately HK$4.5 million, or 4.1%, from approximately HK$109.1 million in the year ended 31 March 2009. Selling and distribution costs represented 65.4% and 67.4% respectively of our Group's revenue for the years ended 31 March 2009 and 2010 respectively. The increase in selling and distribution costs as a percentage of the revenue was mainly due to the increase in advertising and promotion expenses from approximately HK$9.1 million in the year ended 31 March 2009 to approximately HK$10.8 million for the year ended 31 March 2010.

The increase in advertising and promotion expenses was contributed by the engagement of a local artiste, Mr. Wong Cho Lam (王祖藍) as our celebrity endorser which commenced in August 2009. Rents and rates on retail shops increased by approximately HK$1.7 million due to the increase in monthly rental for several of our retail shops. Salaries increased mildly by approximately HK$0.6 million.

Administrative expenses

Administrative expenses for the year ended 31 March 2010 amounted to approximately HK$20.8 million, a decrease of approximately HK$1.3 million, or 5.9%, from approximately HK$22.1 million in the year ended 31 March 2009. Administrative expenses also decreased as a percentage of revenue to 12.4% for the year ended 31 March 2010 as compared to 13.3% for the year ended 31 March 2009. The decrease in administrative expenses for the year ended 31 March 2010 was mainly contributed by the decrease of management and consultancy fees to approximately HK$0.3 million from approximately HK$2.8 million in the previous year, the decrease of rents and rates on offices to approximately HK$1.4 million from HK$2.2 million in the previous year, the increase in exchange differences to approximately HK$1.2 million (gain) from approximately HK$0.5 million (gain) in the previous year and the decrease of donation to Nil from approximately HK$0.3 million in the previous year. The decrease of management and consultancy fees was a result of the expiry of the management service agreement, consultancy service agreement and operation control service agreement entered into by our Group with C&H, pursuant to which C&H provided services relating to advertising and selection of new shop locations for our Group and certain operational functions including checking of bookings, checking accuracy of commission calculation and ensuring compliance of operation policies. The decrease of rent and rates on offices was due to rent and rates on retail shops (a selling and distribution cost) amounting to approximately HK$0.5 million being inadvertently classified as rent and rates on offices (an administrative expense) for the year ended 31 March 2009 and three months of rent-free period in respect of one of our Group's office premises for the year ended 31 March 2010. The increase in exchange gain was mainly due to JPY appreciating in our favour as we maintained a long position on JPY. The decrease in these administrative expenses items for the year ended 31 March 2010 was partly offset by the increase in salaries and welfare to approximately HK$15.0 million from approximately HK$12.3 million in the previous year.

Income tax expense

Income tax expense for the year ended 31 March 2010 was approximately HK$6.1 million representing a decrease of approximately HK$0.2 million, or 3.2% from approximately HK$6.3 million in the year ended 31 March 2009. The decrease in income tax expense was roughly in line with our reduced taxable profit.

ANALYSIS OF SELECTED BALANCE SHEET ITEMS

Prepayments, deposits and other receivables

The table below sets out a breakdown of the prepayments, deposits and other receivables as at the balance sheet date indicated as current assets.

	At 31 March		
	2009	**2010**	**2011**
	HK$'000	*HK$'000*	*HK$'000*
Deposits:			
Rental, utilities and other deposit *(Note)*	7,197	7,526	9,680
Deposit paid to airlines	12,915	4,419	6,203
	20,112	11,945	15,883
Other receivables:			
Industry Trust Fund (ITF)	224	259	284
Receivables from credit card institutions	1,702	3,720	5,359
Receivables from suppliers	—	—	7,775
Incentive income	—	—	1,222
Others	235	9	349
	2,161	3,988	14,989
Prepayments	1,535	4,048	3,526
	23,808	19,981	34,398

Note:

Rental deposit paid to related companies included in prepayments, deposits and other receivables			
- Evergood	255	255	216
- Red & White	190	285	285
- Wealth Asia	187	187	187
- CCIL	360	300	840
- Hombest	—	—	39
	992	1,027	1,567

Our prepayments as at 31 March 2009 mainly represented the prepayments of approximately HK$491,000 for rental whilst the prepayments as at 31 March 2010 and 2011 principally consisted of prepayments made in relation to the Listing in an aggregate amount of HK$2.1 million and HK$2.3 million respectively.

Our deposits included rental, utilities and other deposits, and deposit paid to airlines for the issuance of air tickets and for carrier block seats. Normally, airlines would require us to issue bank guarantees to them as a form of security prior to permitting us to issue air tickets. In the event the need to issue air tickets exceeding the amounts of the bank guarantees arises, we would be required to top up our security by placing additional cash deposits with the relevant airline prior to allowing us to increase our booking and/or issuance of such additional air tickets. Deposits paid to airlines as at 31 March 2009 was exceptionally high due to the fact that we increased our booking and/or issuance of air tickets towards the end of March 2009 in response to the increase in tickets booked by our customers as well as in anticipation of further demand for air tickets from customers. Our Directors believed that the increased fuel surcharges which took effect from 1 April 2009 had led to some customers advancing their purchases of air tickets and/or holiday packages in March 2009 for the upcoming Easter holiday period in mid April 2009. Immediately after the global financial crisis in 2008, airlines were relatively strict in applying the aforesaid additional cash deposit requirement. However, as the global economy condition improved, airlines began to relax the strict imposition of such additional cash deposit requirements which led to a decrease in deposits paid to airlines as at 31 March 2010 and 2011. As at 31 March 2009, 2010 and 2011 total deposits amounted to approximately HK$20.1 million, HK$11.9 million and HK$15.9 million respectively.

Our other receivables consisted of (i) Industry Trust Fund (ITF) which was established in January 1997 for the purpose of protecting the airlines for agent defaults and (ii) receivables from credit card institutions in respect of payments made by our customers using credit cards. As at 31 March 2011, our other receivables also comprised (i) receivables from suppliers in respect of cancellation of travel plans by our customers as a result of the earthquake and subsequent tsunami which struck Japan, and (ii) incentive income receivable from our GDS provider(s), airlines and other travel products suppliers.

The increase in other receivables from HK$4.0 million as at 31 March 2010 to HK$15.0 million as at 31 March 2011 was mainly due to the receivables from suppliers of HK$7.8 million recorded as at 31 March 2011. As a result of the earthquake and subsequent tsunami which struck Japan, our Group, after receiving the instruction/ guideline from the relevant suppliers, or communicating with the relevant suppliers, informed certain eligible customers that they may choose to obtain refunds or reschedule their trips. For those customers who confirmed that they wish to have refunds or reschedule their trips, the money to be repaid to them in the case of refunds, or to be retained by us/ our suppliers for settlement of other travel products in the case of rescheduling of trips, were recorded as other payables of our Group (under deposits received from customers) with the corresponding amount to be received recorded as other receivables of our Group (under receivables from suppliers). Approximately 64% of the receivables from suppliers of HK$7.8 million as at 31 March 2011 has been subsequently received from the suppliers and refunded to the customers as at 31 July 2011.

Amount due from a Director

	At 31 March		
	2009	**2010**	**2011**
	HK$'000	*HK$'000*	*HK$'000*
Mrs. Ko	118	518	—

The amounts due from Mrs. Ko as at 31 March 2009, 2010 and 2011 were HK$118,000, HK$518,000 and Nil respectively which mainly represented Mrs. Ko's current account for settlement of amounts due to our Group's suppliers in the PRC. The amounts due from Mrs. Ko were interest-free and has been settled as at the Latest Practicable Date.

Amounts due from related companies

	At 31 March		
	2009	**2010**	**2011**
	HK$'000	*HK$'000*	*HK$'000*
CCIL	39,820	—	—
Travel Expert (Holdings) Limited (Note)	6	—	—
Evergood	4,189	—	—
	44,015	—	—

Note: Travel Expert (Holdings) Limited was dissolved with effect from 24 December 2010.

The amounts due from related companies as at 31 March 2009 represented unsecured, interest-free advances which are repayable on demand, except for HK$32 million due from CCIL which bears interest at 1% per annum. The amount due from CCIL represents a loan given by TEL to CCIL to, among other things, finance the acquisition of certain investment properties by CCIL. These investment properties were in turn used by CCIL to secure banking facilities of which, TEL was entitled to utilise for its business operations. The interest of 1% per annum charged on the abovementioned loan was to compensate TEL for its cost of capital.

The amount due from Travel Expert (Holdings) Limited related to payments made by our Group on behalf of Travel Expert (Holdings) Limited for general administrative expenses whilst the amount due from Evergood represented funds placed by our Group with Evergood for investment purposes, as at the relevant time, Evergood was wholly-owned by TEEL and was then principally involved in property holding and investing activities for our Group (prior to the Reorganisation).

Amounts due to related companies

	At 31 March		
	2009	**2010**	**2011**
	HK$'000	*HK$'000*	*HK$'000*
CCIL	—	247	—
Kowen	—	3,332	—
C&H	1,765	—	—
Wilken Properties Limited (now known as CB Properties Limited)	140	—	—
	1,905	3,579	—

The amount due to CCIL as at 31 March 2010 was HK$247,000 which was interest-free and in relation to the management fee and prepaid rental expenses for the lease to our Group by CCIL.

The amount due to Kowen as at 31 March 2010 of HK$3,332,000 represented unsecured, interest-free advances which are repayable on demand.

The amount due to C&H as at 31 March 2009 of HK$1,765,000 was interest-free and accrued for management fee and consultancy fee. During the Reporting Period, C&H entered into agreements with TEL for the provision of management and consultancy services relating to advertising and selection of new shop locations for the Group.

The amount due to Wilken Properties Limited (now known as CB Properties Limited) as at 31 March 2009 of HK$140,000 was interest-free and accrued for consultancy fee. During the Reporting Period, Wilken Properties Limited entered into agreements with TEL for the provision of services relating to maintenance of offices and shops of the Group.

Trade receivables

The ageing analysis of our trade receivables are set out below:

	At 31 March		
	2009	**2010**	**2011**
	HK$'000	*HK$'000*	*HK$'000*
0 — 30 days	6,499	6,377	4,121
31 — 90 days	1,132	1,848	1,143
Over 90 days	65	32	—
	7,696	8,257	5,264
Subsequent settlement (up to the Latest Practicable Date)	100%	100%	100%

Our trade receivables stood at approximately HK$7.7 million, HK$8.3 million and HK$5.3 million as at 31 March 2009, 2010 and 2011 respectively. Our average trade receivables turnover days (being average of trade receivables at the beginning and end of the period divided by gross sales proceeds and multiplied by 365) during the Reporting Period was approximately 3, 3 and 2 days for the years ended 31 March 2009, 2010 and 2011 respectively. We had a policy of allowing corporate customers a credit period of up to 30 days. Our average trade receivables turnover days was substantially less than the said credit period allowed for corporate customers as sales to retail customers, who were not given credit terms, accounted for over 90% of our gross sales proceeds during the Reporting Period.

Overdue balances were reviewed regularly by our Group's management to assess whether there was any evidence of impairment. Our trade receivables related to a large number of corporate customers that had a good track record of credit with our Group. During the years ended 31 March 2009, 2010 and 2011, our Group recognised impairment loss of approximately HK$36,000, HK$23,000 and HK$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, which indicates that our Group's credit control policy is effective.

In general, we did not hold any collateral or other credit enhancements over our trade receivables balances.

Trade payables

The ageing analysis of our trade payables are set out below:

		At 31 March	
	2009	**2010**	**2011**
	HK$'000	*HK$'000*	*HK$'000*
0 — 30 days	48,135	57,884	69,167
31 — 90 days	7,950	12,254	12,882
Over 90 days	2,887	4,903	5,567
	58,972	75,041	87,616
Subsequent settlement (up to the Latest Practicable Date)	97.7%	98.0%	97.6%

Our trade payables amounted to approximately HK$59.0 million, HK$75.0 million and HK$87.6 million as at 31 March 2009, 2010 and 2011 respectively. Trade payables primarily comprise amounts payable to airlines, hotels and other suppliers. The increase in trade payables as at 31 March 2010 was mainly attributable to the increase in our purchase of travel products from suppliers to satisfy the increase in sales in the last month of the year ended 31 March 2010. Our average trade payables turnover days (being average of the trade payables at the beginning and end of the period divided by the costs of travel related products and multiplied by 365) during the Reporting Period were approximately 26, 28 and 27 days for the years ended 31 March 2009, 2010 and 2011 respectively. We were offered different credit periods by different suppliers which may be up to 30 days. This provided us with payment flexibility.

Accrued charges, deposits received and other payables

The table below sets out an itemisation of the accrued charges, deposits received and other payables as at the balance sheet dates indicated.

	At 31 March		
	2009	**2010**	**2011**
	HK$'000	*HK$'000*	*HK$'000*
Accrued charges	7,812	7,013	9,026
Deposits received	1,526	4,513	15,026
Other payables	5,169	5,636	5,454
	14,507	17,162	29,506

Accrued charges mainly relate to accrued commission, computer charges payable to our GDS providers, data line charge and advertising and promotional expenses. The increase in accrued charges recorded as at 31 March 2011 was mainly due to accrued staff cost.

Deposits received relate to payments made by customers as deposits on bookings. The increase in deposits received as at 31 March 2010 was primarily due to the recovery of the economy, resulting in the customers being willing to spend more on travelling in the financial year ended 31 March 2010, especially for the Easter holidays. Since the Easter holiday period fell in early April in 2010, we received more deposits from our customers in or near March 2010 to secure their bookings. The increase in deposits received as at 31 March 2011 was mainly due to the refund pending to customers caused by the earthquake incident in Japan in March 2011 that resulted in the cancellation of hotel and air ticket bookings. As set out in the analysis of our prepayments, deposits and other receivables above, our Group, after receiving the instruction/ guideline from the relevant suppliers, or communicating with the relevant suppliers, informed certain eligible customers that they may choose to obtain refunds or reschedule their trips, hence resulting in the increase in deposits received from customers as at 31 March 2011.

Other payables mainly comprised refunds payable to customers of approximately HK$3.9 million, HK$4.4 million and HK$2.7 million as at 31 March 2009, 2010 and 2011 respectively.

INDEBTEDNESS

Bank loan

As at the close of business on 31 July 2011, being the Latest Practicable Date prior to the printing of this prospectus for the purpose of this indebtedness statement, our Group had a mortgage loan of HK$7,000,000 with a repayable on demand clause, which was secured by property at 9/F, Kowloon Plaza, No. 485 Castle Peak Road, Kowloon, Hong Kong (the "Property") and was guaranteed by TEL to the extent of HK$21,000,000 (the "TEL Guarantee"). The interest rate of such bank loan was at 1.75% per annum over 1 month HIBOR.

Banking facilities

Our Group's credit and banking facilities during the Reporting Period were secured by:

(i) charges over the investment properties of CCIL with an aggregate carrying amount as at 31 March 2009 and 2010 of HK$88,000,000 and HK$101,000,000 respectively, and rental assignment of these investment properties;

(ii) cross-guarantees between our Group and CCIL, to the extent of HK$51,584,000 as at 31 March 2009 and 2010;

(iii) cross-guarantees among certain subsidiaries of our Group to the extent of approximately, HK$500,000 and HK$50,000,000 as at 31 March 2009 and 2011 respectively;

(iv) individual guarantee from a Director, Mrs. Ko, to the extent of approximately HK$500,000 as at 31 March 2009;

(v) joint guarantee from a Director, Mrs. Ko, and an independent third party, Ms. Chang (an ex-director of certain subsidiaries of the Group), to the extent of HK$51,584,000 as at 31 March 2009 and 2010;

(vi) certain deposits pledged which amounted to HK$1,567,000, HK$321,000 and HK$34,000 as at 31 March 2009, 2010 and 2011 respectively; and

(vii) guarantee by Mr. Ko and Mrs. Ko to the extent of HK$50,000,000 as at 31 March 2011.

As at 31 July 2011, the banking facilities to which (i), (ii), (iv) and (v) above relate to have expired and the related securities and guarantees released accordingly. The total banking facilities available to our Group as at 31 July 2011 amounted to HK$61,710,000 of which HK$25,650,610 was utilised for bank guarantees issued to airlines, agents, suppliers and landlords, and HK$7,000,000 was drawn down as a mortgage loan. Two independent third party banks made available to the Group banking facilities as at 31 July 2011 and one of such banking facilities were secured by (iii) and (vii) above, to the extent of HK$50,000,000; and the other banking facilities amounting to HK$21,000,000 (inclusive of a mortgage loan) were secured by the TEL guarantee and a legal charge over the Property. On 21 March 2011, the relevant lending bank agreed to release the guarantee provided by Mr. Ko and Mrs. Ko to the extent of HK$50,000,000 ((vii) above) on or about the Listing Date subject to our Company providing a corporate guarantee to replace Mr. Ko's and Mrs. Ko's guarantee.

Save for disclosed in the paragraph headed "Indebtedness", and apart from intra-group liabilities, at the close of business on 31 July 2011, we did not have any debt securities issued and outstanding or agreed to be issued, bank overdrafts, borrowings or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, mortgages, charges, finance leases, hire purchase commitments, guarantees or other material contingent liabilities outstanding. Our Directors have confirmed that there have not been any material changes in our Group's indebtedness since 31 July 2011.

Contingent liabilities

Our Group provided corporate cross-guarantees of HK$51,584,000 as at 31 March 2009 and 2010 to a local bank in connection with the banking facilities granted to the Group and CCIL. Under the guarantees, the Group would be liable to pay the bank if the bank is unable to recover the loans from CCIL. As at 31 March 2009 and 2010, no provision for the Group's obligation under the guarantee contracts have been made as the Directors considered that it was not probable that the repayment of the loan would be in default.

As at 31 July 2011, such banking facilities granted to the Group and CCIL have expired and the related corporate cross-guarantees provided by the Group was released. As at 31 July 2011, we did not have any contingent liabilities.

Capital commitments

We did not have significant capital expenditures during the Reporting Period. For the years ended 31 March 2009, 2010 and 2011, investment in property, plant and equipment only amounted to approximately HK$2.0 million, HK$3.2 million and HK$5.0 million respectively. The above capital investments of our Group during the Reporting Period included leasehold improvement of approximately HK$5.7 million, office equipment of approximately HK$3.1 million and furniture and fixtures of approximately HK$1.4 million.

Save for the capital commitment in respect of certain property, plant and equipment amounting to HK$40,850,000 as at 31 March 2011, our Group did not have any material capital commitment as at 31 March 2009, 2010 and 2011.

Operating lease commitments

Our Group leases certain premises and office equipment under operating lease commitments for terms ranging from one to five years. Certain leases contain an option to renew the lease and renegotiate the terms at the expiry dates or at dates mutually agreed between our Group and the landlords. In addition to the fixed rentals, pursuant to the terms of certain rental agreements, we also have to pay a rental based on certain percentage of the gross sales proceeds of the relevant retail shops when the sales meet certain specified level.

The table below sets out our future minimum lease payments under non-cancellable operating leases falling due as at the dates indicated.

	At 31 March		
	2009	**2010**	**2011**
	HK$'000	*HK$'000*	*HK$'000*
Buildings:			
— Within one year	15,869	22,543	24,269
— In the second to fifth years, inclusive	7,043	11,477	14,231
	22,912	34,020	38,500
Other assets:			
— Within one year	389	389	473
— In the second to fifth years, inclusive	1,138	749	564
	1,527	1,138	1,037

Off-balance sheet commitments and arrangements

As at 31 July 2011, we have not entered into any material off-balance sheet arrangements or commitments to guarantee the payment of obligations of any third parties. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing or hedging or research and development services with us.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL RESOURCES

We have generally financed our operations through internal resources and available banking facilities.

Cash flows

The following table summarises our cash flows during the Reporting Period:

	Year ended 31 March		
	2009	**2010**	**2011**
	HK$'000	*HK$'000*	*HK$'000*
Net cash generated from operating activities	24,889	52,606	49,145
Net cash (used in)/generated from investing activities	(2,023)	319	(14,637)
Net cash used in financing activities	(15,612)	(38,508)	(22,600)
Net increase in cash and cash equivalents	7,254	14,417	11,908
Cash and cash equivalents at beginning of year	61,287	68,541	82,958
Cash and cash equivalents at end of year	68,541	82,958	94,866

Cash generated from operating activities

Cash generated from operating activities is the net cash received by us in operating our travel services and travel consultancy business. For the year ended 31 March 2011, we had net cash generated from operating activities of approximately HK$49.1 million, consisting of cash generated from operations of approximately HK$55.3 million, less income tax paid of approximately HK$6.9 million. Our cash generated from operations consisted of operating profit before working capital changes of approximately HK$41.6 million plus the reduction in trade receivables and balances with directors totalling approximately HK$3.5 million and the increase in trade payables and accrued charges, deposits received and other payables totalling approximately HK$24.9 million. These were partly offset by the increase in inventories of approximately HK$0.3 million and the increase in prepayments, deposits and other receivables of approximately HK$14.4 million. Overall, our net cash generated from operating activities deteriorated slightly as compared to the financial year ended 31 March 2010 mainly due to the increase in deposits and other receivables resulting from the deposit paid for the purchase of the whole of 9/F, Kowloon Plaza, No. 485 Castle Peak Road, Kowloon of approximately HK$2.2 million and the deposit received but pending refund to customers because of earthquake incident in Japan in March 2011.

The net cash generated from our operating activities for the year ended 31 March 2010 was approximately HK$52.6 million, comprising mainly net cash proceeds in respect of our sales and operations of approximately HK$59.9 million after deducting income tax paid of approximately HK$7.3 million. Operating profit before working capital changes slightly decreased to approximately HK$38.2 million for the year ended 31 March 2010 from approximately HK$39.6 million for the year ended 31 March 2009. The improvement in the overall net cash generated from operating activities was mainly attributable to the increase in trade payables of approximately HK$16.1 million, the decrease in prepayments, deposits and other receivables of approximately HK$3.8 million and the increase in accrued charges, deposits received and other payables of approximately HK$2.7 million.

Net cash generated from our operating activities for the year ended 31 March 2009 was approximately HK$24.9 million, comprising primarily of cash proceeds in respect of our sales and operations of approximately HK$32.0 million after deducting income tax paid of approximately HK$7.1 million. Our operating profit before working capital changes amounted to HK$39.6 million and was increased by the reduction in trade receivables, balances with directors and inventories totalling approximately HK$2.9 million and an increase in accrued charges, deposits received and other payables of approximately HK$2.4 million. The increase was offset by a reduction in trade payables of approximately HK$5.6 million and an increase in prepayments, deposits and other receivables amounting to approximately HK$7.5 million.

Cash (used in)/generated from investing activities

For the year ended 31 March 2011, our net cash used in investing activities was approximately HK$14.6 million, comprising the purchase of property, plant and equipment of approximately HK$5.0 million, the deposit paid for the whole of 9/F, Kowloon Plaza, No. 485 Castle Peak Road, Kowloon of approximately HK$2.2 million, the decrease in pledged deposits of approximately HK$0.3 million, purchase of available-for-sale financial assets of approximately HK$36.0 million, the purchase of financial assets at fair value through profit or loss of approximately HK$5.9 million, the proceeds from settlement of available-for-sale financial assets of approximately HK$27.9 million, the proceeds from settlement of financial assets at fair value through profit or loss of approximately HK$5.9 million, the interest received of approximately HK$0.2 million and the dividend received of approximately HK$0.2 million. Our net cash used in investing activities increased substantially compared to the financial year ended 31 March 2010 due to additional investment in financial assets acquired during the year ended 31 March 2011 of approximately HK$8.1 million, the deposit paid for the purchase of the whole of 9/F, Kowloon Plaza, No. 485 Castle Peak Road, Kowloon of approximately HK$2.2 million and purchase of property, plant and equipment.

We recorded net cash generated from investing activities of approximately HK$0.3 million for the year ended 31 March 2010 which was mainly attributable to the decrease in pledged deposits of approximately HK$1.2 million and the settlement of financial assets of fair value through profit or loss of approximately HK$36.9 million which was partly offset by our purchase of financial assets of fair value through profit or loss of approximately HK$35.9 million during the year ended 31 March 2010.

Net cash used in investing activities for the year ended 31 March 2009 amounted to approximately HK$2.0 million. Investing activities mainly included the purchase of financial assets of fair value through profit or loss of approximately HK$30.7 million, the proceeds from the settlement of financial assets at fair value through profit or loss of HK$30.4 million and the purchase of property, plant and equipment of approximately HK$2.0 million.

Net cash used in financing activities

For the year ended 31 March 2011, our net cash used in financing activities was approximately HK$22.6 million. We paid dividend of approximately HK$45.0 million during the year ended 31 March 2011, received capital contribution of approximately HK$26.0 million and paid cash of approximately HK$3.6 million to related companies.

Net cash used in financing activities for the year ended 31 March 2010 amounted to approximately HK$38.5 million, which comprised dividend paid to TEHL of approximately HK$84.1 million, inflow of approximately HK$45.7 million arising from the net movement in balances with related companies and capital repayment of approximately HK$0.1 million.

Net cash used in financing activities for the year ended 31 March 2009 was approximately HK$15.6 million. We paid dividend of approximately HK$2.0 million during the year ended 31 March 2009, made a capital repayment of approximately HK$15.6 million and received cash inflow of approximately HK$2.0 million relating to the net movement in balances with related companies.

Net current assets

Our net current assets position as at 31 March 2009, 2010, and 2011 and 31 July 2011 are summarised below:

	At 31 March			As at 31 July
	2009	2010	2011	2011
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* *(unaudited)*
Current assets				
Inventories	615	468	723	871
Trade receivables	7,696	8,257	5,264	9,139
Prepayments, deposits and other receivables	23,808	19,981	34,398	19,163
Financial assets at fair value through profit or loss	795	55	—	—
Amount due from a director	118	518	—	—
Amounts due from related companies	44,015	—	—	—
Cash and cash equivalents	69,404	82,958	94,866	108,362
Pledged deposits	1,567	321	34	1,153
	148,018	112,558	135,285	138,688
Current liabilities				
Trade payables	58,972	75,041	87,616	128,708
Accrued charges, deposits received and other payables	14,507	17,162	29,506	25,886
Amounts due to related companies	1,905	3,579	—	—
Dividend payable	—	—	10,000	—
Provision for tax	1,300	91	1,122	2,694
	76,684	95,873	128,244	157,288
Net current assets/(liabilities)	71,334	16,685	7,041	(18,600)

As at 31 March 2009, 2010 and 2011, our net current assets (working capital) amounted to approximately HK$71.3 million, HK$16.7 million and HK$7.0 million respectively. The decrease in our working capital from approximately HK$71.3 million as at 31 March 2009 to approximately HK$16.7 million as at 31 March 2010 was mainly due to the payment of dividends totalling approximately HK$84.1 million during the year ended 31 March 2010. The decrease was also attributable to the increase in trade payables. Our working capital decreased further from approximately HK$16.7 million as at 31 March 2010 to HK$7.0 million as at 31 March 2011 due to the increase in accrued charges, deposits received and other payables as a result of deposit received but pending refund to customers because of earthquake incident in Japan in March 2011. The decrease in our working capital was also attributable to the interim dividend declared for the year ended 31 March 2011 but not yet paid of HK$10 million. Please refer to the separate descriptions on the individual major items of our current assets and current liabilities above in this section in respect of their respective fluctuations during the Reporting Period.

As at 31 July 2011, our unaudited net current liabilities amounted to approximately HK$18.6 million as compared to a net current assets position of approximately HK$7.0 million as at 31 March 2011. The reason for our net current liabilities position as at 31 July 2011 was largely due to completion of the acquisition of our Group's new office premises at 9th Floor, Kowloon Plaza, No. 485 Castle Peak Road, Kowloon. We had obtained banking facilities of HK$21 million comprising a bank overdraft facility of HK$11 million, a revolving loan facility of HK$3 million and a mortgage loan of HK$7 million, to finance the aforesaid acquisition. In view of the surplus cash we had on hand, we decided to use a further amount of approximately HK$35.6 million (on top of the initial deposit paid during the year ended 31 March 2011 of approximately HK$2.2 million) of our internally generated cash to finance the acquisition of the said property (including stamp duty) and drawdown on the mortgage loan to finance the remaining portion of the consideration. A significant portion of our Group's revenue is in the form of cash and we also enjoy credit terms which are longer than our trade receivables turnover days. As such, we are able to make use of such credit terms to finance our operations. Further, if the need arises, we will utilise the aforesaid bank overdraft and revolving loan facilities to finance our operations.

Our current ratios (being current assets divided by current liabilities) decreased from 1.93 times as at 31 March 2009 to 1.17 times as at 31 March 2010 and then decreased to 1.05 times as at 31 March 2011; and our quick ratio (being current assets after subtraction of inventories and divided by current liabilities) also decreased from 1.92 times as at 31 March 2009 to 1.17 times as at 31 March 2010 and then decreased to 1.05 times as at 31 March 2011. Our current ratio and quick ratio as at 31 July 2011 was approximately 0.88 times. The decrease in our current ratio and quick ratio during the Reporting Period was mainly due to the payment of dividends, the increase in trade payables, and the increase in accrued charges, deposits received and other payables as explained above.

DISTRIBUTABLE RESERVES

Our Company was incorporated on 18 November 2009. As at 31 March 2011, the Company had no distributable reserves available for distribution to the Shareholders.

WORKING CAPITAL

The total cash and bank balance of our Group as at 31 March 2011 amounted to approximately HK$94.9 million.

Our Directors are of the opinion that after taking into account the cashflow generated from the operating activities, the existing financial resources available to our Group including internally generated funds, the available banking facilities and the estimated net proceeds of the Share Offer, our Group has sufficient working capital for its present requirements for the next 12 months from the date of this prospectus.

NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that there has been no material adverse change in our Group's financial or trading position since 31 March 2011 (being the date to which our Group's latest combined financial statements were prepared which was set out in the Accountants' Report in appendix I to this prospectus) and there is no event or events since 31 March 2011 which would materially affect the information shown in the accountants' report, in each case except as otherwise disclosed in this prospectus.

DIVIDENDS

The payment and amount of any dividends will be at the discretion of our Directors and our Directors' decision to declare or to pay any proposed dividends in the future, and the amount of any proposed dividends, if declared and paid, will be based on our earnings, financial condition, cash requirements and availability, future prospects, contractual restrictions, applicable laws and provisions and other relevant factors. There is no assurance as to whether the dividend distribution will occur as intended, the amount of dividend payment or the timing of such payment.

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 dividend distribution recorded during the Reporting Period may not be used as a reference or basis to determine the level of dividends that may be declared or paid by us in the future.

PROPERTY INTERESTS

CB Richard Ellis Limited, an independent property valuer, has valued our property interests as of 31 July 2011 and is of the opinion that the value of our property interests is an aggregate amount of approximately HK$43,200,000. The full text of the letter, summary of values and valuation certificate with regard to such property interests are set out in appendix III to this prospectus.

QUALITATIVE AND QUANTITATIVE DISCLOSURE ABOUT MARKET RISKS

Our Group is exposed to various types of market risks, including credit risk, interest rate risk, foreign currency risk and liquidity risk. Generally, our Group employs conservative strategy regarding its risk management. As our Group's exposure to market risk is kept at a minimum level, our Group has minimised the use of derivatives or other instrument for hedging purposes. Please refer to the Accountants' Report as set out in appendix I to this prospectus for details.

Credit risk

We are exposed to credit risk in the event that our customers fail to perform their payment obligations. With respect to credit risk in connection with cash, short-term deposits, amounts due from directors and related parties and trade receivables, our maximum exposure is equal to the carrying amounts of those financial assets. Our Directors are of the view that our Group does not have significant credit risk exposure because our Group's cash balances are mainly deposited with the banks and reputable financial institutions, and our Group has no significant concentration of credit risk arising from its ordinary course of business due to its large customer base and the counterparties are creditworthy which have low risk of default in repayment.

Interest rate risk

We are exposed to interest rate risk mainly arising on deposits at banks and financial institutions which earn interest at floating rates. Our Group's policy is to manage its interest cost using a mix of fixed and floating rate borrowings. Derivative contracts may be used to hedge the Group's exposure to interest rate risk, when and where appropriate.

The table below demonstrates the sensitivity analysis of the impact on our profit for the year and equity to a possible change in interest rates which varies within the range of 100 basis points during the Reporting Period:

	Effect on profit for the year and retained earnings			
	Possible change in interest rates	**Increase in profit and retained earnings**	**Possible change in interest rates**	**Decrease in profit and retained earnings**
		HK$'000		*HK$'000*
31 March 2009	+1%	177	-1%	(177)
31 March 2010	+1%	755	0%	—
31 March 2011	+1%	904	-1%	(904)

Foreign currency risk

Our Group has foreign currency exposures. Such exposures arise from the balance of assets and liabilities in currencies other than in HK$ our Group's functional currency. The carrying amounts of our Group's foreign currency denominated monetary assets and monetary liabilities at the reporting dates are as follows:

	At 31 March		
	2009	**2010**	**2011**
	HK$'000	*HK$'000*	*HK$'000*
Assets:			
JPY	6,678	7,145	7,111
USD	3,430	164	1,064
EUR	1,122	1,053	—
AUD	885	172	831
SGD	264	372	1,181
RMB	127	520	2,910
	12,506	9,426	13,097
Liabilities:			
JPY	(5,208)	(6,268)	(4,407)
USD	(1,003)	(1,180)	(722)
EUR	—	—	(11)
AUD	(198)	(275)	(233)
SGD	(867)	(1,390)	(1,873)
MYR	(850)	(912)	(1,153)
PHP	(338)	(196)	(36)
THB	(648)	(238)	(471)
RMB	(531)	(288)	(266)
	(9,643)	(10,747)	(9,172)
	2,863	(1,321)	3,925

Net exposure to foreign currency risk

Our Group's policy requires the management to monitor our Group's foreign exchange exposure by closely monitoring the movement of foreign currency rates. The management may purchase foreign currency at spot rate, when and where appropriate for the purposes of meeting our future payment obligation in foreign currency.

As US$ is pegged to HK$, at a range of US$1:HK$7.75-7.85, our Group does not expect any significant movements in the US$/HK$ exchange rates. No sensitivity analysis in respect of our Group's financial assets and liabilities denominated in US$ is disclosed as in the opinion of directors, such sensitivity analysis does not give additional value in view of the limited permitted movement in the US$/HK$ exchange rates under Hong Kong's currency peg system as at the reporting date.

The following table illustrates the sensitivity of our Group's profit after tax for the year ended 31 March 2009, 2010 and 2011 and equity as at those dates in regards to a 500 basis points appreciation in the functional currencies of our Group's entities against the foreign currencies. These rates are the rates used when reporting foreign currency risk internally to key management personnel and represents management's best assessment of the possible change in foreign exchange rates.

	Effect on profit for the year ended and equity as at 31 March		
	2009	**2010**	**2011**
	HK$'000	*HK$'000*	*HK$'000*
JPY	(61)	(37)	(113)
EUR	(47)	(44)	—
SGD	25	43	29
AUD	(29)	4	(25)
RMB	17	(10)	(110)
MYR	35	38	48
PHP	14	8	2
THB	27	10	20
	(19)	12	(149)

Liquidity risk

Our Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance our Group's operations, mitigate the effects of fluctuations in cash flows and comply with the covenants in respect of our Group's credit and banking facilities. Our Group relies on internally generated funding and available banking facilities to our Group as significant sources of liquidity.

The maturity profile of our Group's financial liabilities as at the reporting dates, based on the contracted undiscounted payments, were as follows:

	On demand	Less than three months	Total
	HK\$'000	*HK\$'000*	*HK\$'000*
At 31 March 2009			
Trade payables	10,837	48,135	58,972
Other payables	5,169	—	5,169
Amounts due to related companies	1,905	—	1,905
	17,911	48,135	66,046
At 31 March 2010			
Trade payables	17,157	57,884	75,041
Other payables	5,636	—	5,636
Amounts due to related companies	3,579	—	3,579
	26,372	57,884	84,256
At 31 March 2011			
Trade payables	18,449	69,167	87,616
Other payables	5,454	—	5,454
Dividend payable	10,000	—	10,000
	33,903	69,167	103,070

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

At the Latest Practicable Date, our Directors confirm that there are no circumstances which would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following statement of unaudited pro forma adjusted net tangible assets of our Group which is based on the audited combined net tangible assets of our Group attributable to owners of our Company as at 31 March 2011 as shown in the Accountants' Report, the text of which is set out in appendix I to this prospectus, adjusted as follows:

	Unadjusted audited combined net tangible assets attributable to owners of our Company as at 31 March 2011	Estimated net proceeds from the Share Offer	Unaudited pro forma adjusted net tangible assets attributable to owners of our Company	Unaudited pro forma adjusted net tangible assets per Share
	HK$'000	*HK$'000*	*HK$'000*	*HK$*
	(Note 1)	*(Note 2)*		*(Note 3)*
Based on an Offer Price of HK$0.56 per Offer Share (being the lowest)	21,448	42,646	64,094	0.13
Based on an Offer Price of HK$0.69 per Offer Share (being the highest)	21,448	55,256	76,704	0.15

Notes:

1. The unadjusted audited combined net tangible assets attributable to owners of our Company as at 31 March 2011 is extracted from the Accountant's Report set out in appendix I to this prospectus, which is based on the audited combined net assets attributable to owners of our Company as at 31 March 2011 of approximately HK$21,448,000.

2. The estimated net proceeds from the Share Offer are based on the Offer Price of HK$0.56 and HK$0.69 per Share respectively, after deduction of the underwriting fees and related expenses payable by our Company and do not take into account of any Shares which may be allotted and issued upon the exercise of any options granted under the Pre-IPO Share Option Scheme and any options which may be granted under the Share Option Scheme or Shares which may be allotted and issued or purchased by our Company pursuant to the general mandate for the allotment and issue or purchase of Shares referred to in the paragraph headed "Resolutions of the Shareholders" in appendix V to this prospectus.

3. The unaudited pro forma adjusted net tangible assets value per Share has been arrived at after making the adjustments referred to in this section and on the basis of a total of 500,000,000 Shares in issue immediately following completion of the Share Offer.

The purpose of this statement of unaudited pro forma adjusted net tangible assets is to illustrate the effect of the Share Offer on the combined net tangible assets attributable to the owners of the Company as at 31 March 2011 as if they had taken place on that date. Please note that the above statement of unaudited pro forma adjusted net tangible assets is prepared for illustrative purposes only, and that because of its nature, it may not give a true picture of our Company's financial position. Please refer to appendix II to this prospectus for the opinion of the Reporting Accountants in relation to the unaudited pro forma adjusted net tangible assets.