The following is the text of a report, prepared for the purpose of inclusion in this prospectus, received from the reporting accountants, BDO Limited, Certified Public Accountants, Hong Kong:

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16 September 2011

The Directors
Travel Expert (Asia) Enterprises Limited
OSK Capital Hong Kong Limited

Dear Sirs,

We set out below our report on the financial information regarding Travel Expert (Asia) Enterprises Limited (formerly known as Travel Expert Enterprises (Cayman) Limited) (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group"), including the combined statements of comprehensive income, the combined statements of changes in equity and the combined statements of cash flows of the Group, for each of the years ended 31 March 2009, 2010 and 2011 (the "Relevant Periods"), and the combined statements of financial position of the Group as at 31 March 2009, 2010 and 2011, the statements of financial position of the Company as at 31 March 2010 and 2011, together with explanatory notes thereto (the "Financial Information"), for inclusion in the prospectus of the Company dated 16 September 2011 (the "Prospectus") in connection with the initial listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company was incorporated in the Cayman Islands on 18 November 2009 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. Pursuant to a special resolution on 5 February 2010, the Company changed its name from Travel Expert Enterprises (Cayman) Limited to Travel Expert (Asia) Enterprises Limited. As set out in Note 1 under Section II, pursuant to a group reorganisation (the "Reorganisation"), as fully explained in the section headed "Reorganisation" in Appendix V to the Prospectus, the Company has since 6 September 2011 become the holding company of the subsidiaries now comprising the Group. The Company has not carried on any business since the date of its incorporation save for the aforementioned Reorganisation.

Details of the Company's direct and indirect interests in its subsidiaries at the date of this report are set out in Note 1 under Section II. All companies now comprising the Group have adopted 31 March as their financial year end date. Details of the companies comprising the Group that were audited by us and other auditors during the Relevant Periods are set out in Note 1 under Section II.

BASIS OF PREPARATION

The Financial Information has been prepared by the directors of the Company based on the statutory audited financial statements, and where appropriate, management accounts, of the companies now comprising the Group (the "Underlying Financial Statements"), after making such adjustments as are appropriate, and in accordance with the applicable disclosure provisions of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The Underlying Financial Statements were prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND REPORTING ACCOUNTANTS

The directors of the Company are responsible for the preparation and the true and fair presentation of the Financial Information in accordance with HKFRSs issued by the HKICPA, the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Listing Rules, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Financial Information that is free from material misstatement, whether due to fraud or error.

Our responsibility is to form an opinion on the Financial Information based on our procedures and to report our opinion to you.

BASIS OF OPINION

For the purpose of this report, we have carried out audit procedures in respect of the Underlying Financial Statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA and have examined the Financial Information and carried out such appropriate procedures as we considered necessary in accordance with Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

OPINION

In our opinion, the Financial Information set out below, for the purpose of this report and which is prepared on the basis set out in Note 1 under Section II, gives a true and fair view of the state of affairs of the Group as at 31 March 2009, 2010 and 2011, and of the Group's results and cash flows for the Relevant Periods and the state of affairs of the Company as at 31 March 2010 and 31 March 2011.

I. FINANCIAL INFORMATION

COMBINED STATEMENTS OF COMPREHENSIVE INCOME

		Year ended 31 March		
	Notes	**2009**	**2010**	**2011**
		HK$'000	*HK$'000*	*HK$'000*
Revenue	5	166,813	168,538	204,842
Other income	5	2,116	2,128	2,250
Selling and distribution costs		(109,065)	(113,568)	(138,418)
Administrative expenses		(22,149)	(20,839)	(30,345)
Profit before income tax	6	37,715	36,259	38,329
Income tax expense	7	(6,329)	(6,099)	(7,220)
Profit for the year attributable to owners of the Company		31,386	30,160	31,109
Other comprehensive income				
Fair value loss on available-for-sale financial assets		—	—	(33)
Other comprehensive income for the year, net of tax		—	—	(33)
Total comprehensive income for the year attributable to owners of the Company		31,386	30,160	31,076
		HK$	*HK$*	*HK$*
Earnings per share attributable to owners of the Company				
- Basic	9	0.08	0.08	0.08

COMBINED STATEMENTS OF FINANCIAL POSITION

	Notes	At 31 March 2009 *HK$'000*	2010 *HK$'000*	2011 *HK$'000*
ASSETS AND LIABILITIES				
Non-current assets				
Property, plant and equipment	11	2,096	2,708	4,401
Deposit paid for purchase of property plant and equipment	16	—	—	2,150
Available-for-sale financial assets	12	—	—	7,856
		2,096	2,708	14,407
Current assets				
Inventories	14	615	468	723
Trade receivables	15	7,696	8,257	5,264
Prepayments, deposits and other receivables	16	23,808	19,981	34,398
Financial assets at fair value through profit or loss	17	795	55	—
Amount due from a director	18	118	518	—
Amounts due from related companies	19	44,015	—	—
Cash and cash equivalents	20	69,404	82,958	94,866
Pledged deposits	20	1,567	321	34
		148,018	112,558	135,285
Current liabilities				
Trade payables	21	58,972	75,041	87,616
Accrued charges, deposits received and other payables	22	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 the Company				
Share capital	23	—	—	—
Reserves	24	73,430	19,393	21,448
Total equity		73,430	19,393	21,448

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		At 31 March	
	Notes	**2010**	**2011**
		HK$'000	*HK$'000*
ASSETS AND LIABILITIES			
Non-current assets			
Investments in subsidiaries	13	—	—
Current assets			
Prepayments	16	2,129	2,295
Cash and cash equivalents	20	3,750	95
		5,879	2,390
Current liabilities			
Amounts due to subsidiaries	13	2,230	4,603
Amounts due to related companies		3,582	—
Accrued charges and other payables	22	418	129
		6,230	4,732
Net current liabilities		(351)	(2,342)
Total assets less current liabilities/Net liabilities		(351)	(2,342)
EQUITY			
Share capital	23	—	—
Accumulated losses		(351)	(2,342)
Total deficit		(351)	(2,342)

COMBINED STATEMENTS OF CHANGES IN EQUITY

For the years ended 31 March 2009, 2010, 2011

	Share capital HK$'000	Merger reserve HK$'000 (note 24)	Capital reserve HK$'000 (note 24)	Available-for-sale financial assets revaluation reserve HK$'000	Proposed final dividend HK$'000	Retained profits HK$'000	Total HK$'000
At 1 April 2008	—	(9,000)	31,954	—	—	36,733	59,687
Interim dividends declared (note 8)	—	—	—	—	—	(2,000)	(2,000)
Repayment of capital	—	—	(15,643)	—	—	—	(15,643)
Transactions with owners	—	—	(15,643)	—	—	(2,000)	(17,643)
Profit for the year	—	—	—	—	—	31,386	31,386
Other comprehensive income for the year	—	—	—	—	—	—	—
Total comprehensive income for the year	—	—	—	—	—	31,386	31,386
At 31 March 2009 and 1 April 2009	—	(9,000)	16,311	—	—	66,119	73,430
Special and interim dividends declared (note 8)	—	—	—	—	—	(84,082)	(84,082)
Repayment of capital	—	—	(115)	—	—	—	(115)
Transactions with owners	—	—	(115)	—	—	(84,082)	(84,197)
Profit for the year	—	—	—	—	—	30,160	30,160
Other comprehensive income for the year	—	—	—	—	—	—	—
Total comprehensive income for the year	—	—	—	—	—	30,160	30,160
Proposed final dividend (note 8)	—	—	—	—	8,000	(8,000)	—
At 31 March 2010 and 1 April 2010	—	(9,000)	16,196	—	8,000	4,197	19,393

	Share capital HK$'000	Merger reserve HK$'000 (note 24)	Capital reserve HK$'000 (note 24)	Available-for-sale financial assets revaluation reserve HK$'000	Proposed final dividend HK$'000	Retained profits HK$'000	Total HK$'000
Final dividend declared (note 8)	—	—	—	—	(8,000)	—	(8,000)
Interim dividends declared (note 8)	—	—	—	—	—	(47,012)	(47,012)
Capital contribution	—	—	25,991	—	—	—	25,991
Transactions with owners	—	—	25,991	—	(8,000)	(47,012)	(29,021)
Profit for the year	—	—	—	—	—	31,109	31,109
Other comprehensive income for the year							
Fair value loss on available-for-sale financial assets	—	—	—	(33)	—	—	(33)
Total comprehensive income for the year	—	—	—	(33)	—	31,109	31,076
Release of capital reserve pursuant to the Reorganisation	—	—	(42,187)	—	—	42,187	—
At 31 March 2011	—	(9,000)	—	(33)	—	30,481	21,448

COMBINED STATEMENTS OF CASH FLOWS

	Notes	2009	2010	2011
		Year ended 31 March		
		HK$'000	*HK$'000*	*HK$'000*
Cash flows from operating activities				
Profit before income tax		37,715	36,259	38,329
Adjustments for:				
Interest income	5	(728)	(356)	(189)
Dividend income	5	—	—	(185)
Net fair value (gain)/loss on financial assets at fair value through profit or loss	6	(473)	(268)	282
Depreciation of property, plant and equipment	6	3,093	2,515	3,311
Loss on disposal of property, plant and equipment	6	—	27	28
Provision for impairment of trade receivables	6	36	23	—
Operating profit before working capital changes		39,643	38,200	41,576
(Increase)/decrease in inventories		176	147	(255)
Decrease/(increase) in trade receivables		2,316	(584)	2,993
Decrease/(increase) in balances with directors		445	(400)	518
(Increase)/decrease in prepayments, deposits and other receivables		(7,467)	3,827	(14,417)
Increase/(decrease) in trade payables		(5,552)	16,069	12,575
Increase in accrued charges, deposits received and other payables		2,392	2,655	12,344
Cash generated from operations		31,953	59,914	55,334
Income tax paid		(7,064)	(7,308)	(6,891)
Income tax refund		—	—	702
Net cash generated from operating activities		24,889	52,606	49,145

	Notes	Year ended 31 March 2009 HK$'000	2010 HK$'000	2011 HK$'000
Cash flows from investing activities				
Purchase of property, plant and equipment		(1,999)	(3,154)	(5,032)
Deposit paid for purchase of property, plant and equipment		—	—	(2,150)
Decrease in pledged deposits		433	1,246	287
Decrease/(increase) in cash deposit with an original maturity of more than three months		(863)	863	—
Purchase of available-for-sale financial assets		—	—	(36,015)
Proceeds from settlement of available-for-sale financial assets		—	—	27,855
Purchase of financial assets at fair value through profit or loss		(30,718)	(35,906)	(5,875)
Proceeds from settlement of financial assets at fair value through profit or loss		30,396	36,914	5,919
Interest received		728	356	189
Dividend received		—	—	185
Net cash (used in)/generated from investing activities		(2,023)	319	(14,637)
Cash flows from financing activities				
Dividends paid		(2,000)	(84,082)	(45,012)
Net movement in balances with related companies		2,031	45,689	(3,579)
Capital contribution/(repayment)		(15,643)	(115)	25,991
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
Analysis of balances of cash and cash equivalents				
Cash and bank balances with an original maturity of three months or less:				
Cash and bank balances		48,201	75,828	90,351
Short-term deposits		21,907	7,451	4,549
		70,108	83,279	94,900
Less: Pledged deposits		(1,567)	(321)	(34)
		68,541	82,958	94,866

II. NOTES TO THE FINANCIAL INFORMATION

1. BASIS OF PRESENTATION

The Company was incorporated in the Cayman Islands on 18 November 2009 as an exempted company with limited liability under the Companies Law of Cayman Islands. The address of the Company's registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company's principal place of business is located at 1/F., Grand Building, 18 Connaught Road Central, Hong Kong.

The principal activity of the Company is investment holding. The subsidiaries are principally engaged in provision of travel related products and services.

At the date of this report, the particulars of the subsidiaries in which the Company has direct or indirect interests are set out as follows:

Name	Place and date of incorporation	Issued and fully paid share capital	Effective interest held by the Company	Principal activities
Interests held directly				
Travel Expert Enterprises (BVI) Limited ("TEEBVIL")	British Virgin Islands 2 March 2010	US$0.01 at US$0.01 per share	100%	Investment holding
Interests held indirectly				
Travel Expert Enterprises Limited ("TEEL")	Hong Kong 6 January 2006	HK$1 at HK$1.00 per share	100%	Investment holding
Travel Expert Limited (專業國際旅運有限公司)	Hong Kong 20 June 1986	HK$15,500,000 at HK$1.00 per share *(note 3)*	100%	Travel and travel related business
Travel Expert Business Services Limited (專業旅運商務有限公司) (formerly known as Travel Free Holidays Limited (自由行假期有限公司)) *(note 4)*	Hong Kong 24 March 1994	HK$500,000 at HK$1.00 per share	100%	Travel and travel related business
Travel Expert Online Limited (專業旅遊科網有限公司) (formerly known as T. Expert Agency Limited) *(note 5)*	Hong Kong 4 July 1989	HK$500,000 at HK$1.00 per share *(note 6)*	100%	Inactive

Name	Place and date of incorporation	Issued and fully paid share capital	Effective interest held by the Company	Principal activities
Travel Expert Cruise Limited (專業旅遊郵輪有限公司) (formerly known as Travel E. Agency Limited) *(note 5)*	Hong Kong 13 October 1999	HK$1,000,000 at HK$1.00 per share *(note 7)*	100%	Inactive
Power Empire Investments Limited (尊業旅運(香港)有限公司) ("PEIL")	Hong Kong 5 August 2010	HK$1 at HK$1.00 per share	100%	Holding of the Group's trademark
Tailor Made Holidays Limited (度新假期有限公司) ("TMHL")	Hong Kong 21 September 2010	HK$500,000 at HK$1.00 per share	100%	Inactive
Champion Gate Limited (昌基有限公司) ("CGL") *(note 8)*	Hong Kong 27 January 2011	HK$1 at HK$1.00 per share	100%	Investment holding

Notes:

(1) No audited financial statements have been prepared for the Company, TEEBVIL, PEIL, TMHL and CGL as there is no statutory requirement to have their financial statements audited under the relevant rules and regulations in the jurisdiction of incorporation or they have not carried on any business since their respective dates of incorporation.

(2) The statutory financial statements of the above companies (other than those mentioned in note (1)) were audited by Grant Thornton, now known as JBPB & Co., Certified Public Accountants, Hong Kong for the years ended 31 March 2009 and 2010 and were audited by BDO Limited, Certified Public Accountants, Hong Kong for the year ended 31 March 2011. Except for the statutory financial statements of TEEL which were qualified for not preparing consolidated financial statements, all other audited financial statements were unqualified.

(3) On 20 July 2010, the issued and fully paid share capital has been increased from HK$11,000,000 to HK$13,000,000 by the issue of 2,000,000 ordinary shares at HK$1.00 each. On 17 June 2011, the issued and fully paid share capital has been increased from HK$13,000,000 to HK$15,500,000 by the issue of 2,500,000 ordinary shares at HK$1.00 each.

(4) On 13 June 2008, the company has changed its name from Travel Free Holidays Limited (自由行假期有限公司) to Travel Expert Business Services Limited (專業旅運商務有限公司).

(5) On 30 April 2010, T. Expert Agency Limited has changed its name to Travel Expert Online Limited (專業旅遊科網有限公司) and Travel E. Agency Limited has changed its name to Travel Expert Cruises Limited (專業旅遊郵輪有限公司).

(6) On 14 May 2010, the issued and fully paid share capital has been increased from HK$10,000 to HK$500,000 by the issue of 490,000 ordinary shares at HK$1.00 each.

(7) On 14 May 2010, the issued and fully paid share capital has been increased from HK$10 to HK$500,000 by the issue of 499,990 ordinary shares at HK$1.00 each. On 20 January 2011, the issued and fully paid share capital has been increased from HK$500,000 to HK$1,000,000 by the issue of 500,000 ordinary shares at HK$1.00 each.

(8) The Group acquired 100% interest of CGL on 8 April 2011.

In preparation for a listing of the Company's shares on the Main Board of the Stock Exchange (the "Listing"), a group reorganisation (the "Reorganisation") was undertaken, pursuant to which the group companies engaged in the travel related business (the "Core Business") owned by T.E. (Holdings) Limited ("TEHL") were transferred to the Company. The Reorganisation involved the following:

(i) On 18 November 2009, the Company was incorporated in the Cayman Islands and allotted and issued one share at nil paid to Codan Trust Company (Cayman) Limited which was subsequently transferred to Ms. Cheng Hang Fan ("Mrs. Ko"), director of the Company, on the same date.

(ii) On 2 March 2010, the Company set up TEEBVIL in the British Virgin Islands with an initial issued capital 1 share of US$0.01.

(iii) On 23 December 2010, the entire equity interests in Evergood Holdings Limited ("Evergood"), a subsidiary of TEEL, being engaged in properties investment businesses, were transferred to TEHL at a consideration of the net asset value of Evergood at the disposal date.

(iv) On 24 December 2010, the 20% equity interests in Wealth Asia Development Limited ("Wealth Asia"), an associate of TEEL, being engaged in properties investment businesses, were transferred to Evergood at a consideration of the Group's equity interest in the net asset value of Wealth Asia at the disposal date.

(v) On 30 December 2010, the 88.22%, 5.75%, 3.14% and 2.89% equity interests in Central City International Limited ("CCIL"), a subsidiary of TEEL, being engaged in properties investment businesses, were transferred to Colvin & Horne Assets Management Limited, which is owned by Mr. Ko Chun Wang, Kelvin, a son of Mr. Ko Wai Ming, Daniel ("Mr. Ko"), a director of the Company, and Mrs. Ko, Mr. Cheung Siu Cheong, Mr. Chan Shi Hoi, Anthony and Ms. Ho Shuk Nim, Elsa, at a consideration of the pro rata net asset value of CCIL at the transfer date.

(vi) On 30 March 2011, the entire equity interests in the Company were acquired by Kowen Holdings Limited ("Kowen"), a company owned by Mr. Ko and Mrs. Ko, for nominal value.

(vii) On 30 March 2011, the entire equity interests of PEIL, a subsidiary of TEEL, were transferred to TEEBVIL at nominal value.

(viii) On 29 August 2011, Kowen transferred one share of HK$0.01 each in the Company (being 100% of its total issued shares) to Colvin & Horne Holdings Limited ("C&H Holdings"), a company owned by Mr. Ko and Mrs. Ko, for the nominal value of HK$1.00.

(ix) On 6 September 2011, TEHL entered into a share swap agreement with the Company and TEEBVIL, whereby TEHL transferred 1 share of TEEL, representing 100% shareholding interest of TEEL, to TEEBVIL in consideration of the Company allotting and issuing 575, 8,821, 314 and 289 shares of HK$0.01 each (credited as fully paid) to Mr. Cheung Siu Cheong, C&H Holdings, Mr. Chan Shi Hoi, Anthony and Ms. Ho Shuk Nim, Elsa respectively, the shareholders of TEHL.

(x) Pursuant to written resolutions passed by the sole shareholder of the Company on 6 September 2011, conditional on the share premium account of the Company being credited as a result of the initial public offering of the Company, the directors were authorised to capitalise the amount of HK$3,999,900 from the amount standing to the credit of the share premium account of the Company and to apply such amount to pay up in full at par a total of 399,990,000 shares for allotment and issue to the shareholders of the Company whose names shall appear on the register of members of the Company at the close of business on 7 September 2011.

The Group is regarded as a continuing entity resulting from the Reorganisation since the management and shareholders of the Core Business and the companies which took part in the Reorganisation remained the same before and after the Reorganisation. Consequently, immediately after the Reorganisation, there was a continuation of risks and benefits to the ultimate controlling parties that existed prior to the Reorganisation.

The Financial Information has therefore been prepared using the principles of merger accounting as if the Group had always been in existence. Accordingly, the results and cash flows of the Group for the Relevant Periods include the results and cash flows of the companies now comprising the Group from 1 April 2008 as if the current group structure had been in existence throughout the Relevant Periods. 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 the 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.

The directors considered that as CCIL, Evergood and Wealth Asia are engaged in properties investment businesses and are not related to the Core Business ("Non-transferred Operations"), therefore they are excluded in the Listing. Since separate books and records are maintained by the Non-transferred Operations, the income, expenses, assets and liabilities of Non-transferred Operations for the Relevant Periods have been excluded in the Financial Information and the Corresponding Information for the purpose of this report. All significant transactions and balances with the Non-transferred Operations have been disclosed in the notes to these Financial Information.

The consideration for the transfer of Evergood was determined based on the net asset value of Evergood as at the date of transfer. Such consideration will be set off against the balance owed by TEEL to TEHL. For the transfer of Wealth Asia and CCIL, the consideration was determined by the net asset value of these two companies as at the date of transfer and the consideration will be settled by cash. The Group will apply most of the cash consideration as part of the dividend distributed to the shareholders.

As the consideration for the transfer of the Non-transferred Operations will be used to set off the balance due to TEHL and finally be distributed to TEHL, for the purpose of this report, the total investment cost in Wealth Asia, Evergood and CCIL of approximately HK$9,130,000, and HK$9,436,000 have been set off against the balance due to TEHL of approximately HK$25,441,000 and HK$25,632,000 as at 31 March 2009 and 2010 respectively and the differences arising will be treated as capital contribution/repayment of capital in the capital reserve. Wealth Asia, Evergood and CCIL have been disposed of by the Group in December 2010 in pursuant to the Reorganisaion.

2. ADOPTION OF NEW OR AMENDED HKFRSs

The HKICPA has issued a number of new and revised HKFRSs, which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKAS") and Interpretations as issued by the HKICPA, and become effective during the Relevant Periods. In preparing the Financial Information, the Group has adopted all these new and revised HKFRSs consistently throughout the Relevant Periods. Certain new and amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group.

The directors of the Company anticipate that all of the pronouncements will be adopted in the Company's accounting policy for the first period beginning after the effective date of the pronouncement. Information on new and amended HKFRSs that are expected to have impact on the Company's accounting policies is provided below. Certain other new and amended HKFRSs have been issued but are not expected to have a material impact on the Group's financial statements.

HKFRS 9 Financial instruments

The standard is effective for accounting periods beginning on or after 1 January 2013 and addresses the classification and measurement of financial assets. Under HKFRS 9, financial assets are measured at amortised cost or fair value depending on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains and losses will be recognised in profit or loss except for those non-trade equity investments, which the entity will have a choice to recognise the gains and losses in other comprehensive income. HKFRS 9 carries forward the recognition and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities. The directors are currently assessing the possible impact of this new standard on the Group's results and financial position in the first year of application.

HKFRS 10 Consolidated financial statements, HKFRS 11 Joint arrangements and HKFRS 12 disclosure of interests in other entities

HKFRS 10, HKFRS 11 and HKFRS 12 are effective for accounting periods beginning on or after 1 January 2013. The issuance of these standards completes improvements to the accounting requirements for off balance sheet activities and joint arrangements. The directors are currently assessing the possible impact of these new standards on the Group's results and financial position in the first year of application.

HKFRS 13 Fair value measurement

The standard is effective for accounting periods beginning on or after 1 January 2013. HKFRS 13 improves consistency and reduces complexity by providing, for the first time, a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The requirements do not extend the use of fair value accounting, but provide guidance on how it should be applied where its use is already required or permitted by other standards within HKFRSs. The directors are currently assessing the possible impact of this new standard on the Group's results and financial position in the first year of application.

Annual improvements to HKFRSs 2010

The HKICPA has issued Improvements to Hong Kong Financial Reporting Standards 2010. Most of the amendments become effective for annual periods beginning either on or after 1 July 2010 or on or after 1 January 2011. There are separate transitional provisions for each standard. The directors are currently assessing the possible impact of the amendments on the Group's results and financial position in the first year of application.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted by the Group in preparing the Financial Information, which are in accordance with HKFRSs issued by the HKICPA, are set out below.

3.1 Basis of preparation

The Financial Information has been prepared on the basis set out in note 1 above. The Financial Information also complies with the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Listing Rules.

The Financial Information has been prepared under the historical cost basis except for financial assets at fair value through profit or loss and available-for-sale financial assets which are stated at fair values. The measurement bases are fully described in the accounting policies below.

It should be noted that the accounting estimates and assumptions are used in the preparation of Financial Information. Although these estimates are based on management's best knowledge and judgment of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Information, are disclosed in note 4.

3.2 Subsidiaries

Subsidiaries are entities (including special purpose entity) over which the Group has the power to control the financial and operating policies so as to obtain financial benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are excluded from consolidation from the date that control ceases.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated in preparing the Financial Information. Unrealised losses on intra-group transactions are also eliminated in full. The asset is tested for impairment from the Group's perspective.

3.3 Foreign currency translation

The Financial Information has been presented in Hong Kong Dollar ("HK$"), which is also the functional currency of the Company.

In the individual financial statements of the combined entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. At the end of reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from retranslation of monetary assets and liabilities at the end of reporting period are recognised in profit or loss. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined and are reported as part of the fair value gain or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

3.4 Property, plant and equipment

Property, plant and equipment are stated at acquisition cost less accumulated depreciation and any impairment losses.

Depreciation on property, plant and equipment is provided to write off the cost over their estimated useful lives, using the straight-line basis, at the following rates per annum:

Leasehold improvement	50%
Office equipment	50%
Furniture and fixtures	50%

The assets' useful lives, depreciation methods and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period.

The gain or loss arising on retirement or disposal is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other costs, such as repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

3.5 Impairment of non-financial assets

Property, plant and equipment and investments in subsidiaries are subject to an impairment test and are tested for impairment whenever there are indications that the asset's carrying amount may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash-generating unit). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

Impairment loss recognised for cash-generating unit is charged on a pro rata basis to the assets in the cash-generating unit, except that the carrying value of an asset will not be reduced below its individual fair value less cost to sell, or value in use, if determinable.

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.6 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 the 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;

(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.

3.7 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the first-in, first-out method. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and applicable selling expenses.

3.8 Financial assets

The Group's accounting policies for financial assets are set out below.

Classification of financial assets

Financial assets other than hedging instruments are classified into (i) financial assets at fair value through profit or loss; (ii) loans and receivables; and (iii) available-for-sale financial assets.

Management determines the classification of its financial assets at initial recognition depending on the purpose for which the financial assets were acquired and where allowed and appropriate, re-evaluates this designation at the end of each reporting period.

All financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the instrument. Regular way purchases of financial assets are recognised on the trade date. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Derecognition of financial assets occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred.

At the end of each reporting period, financial assets are reviewed to assess whether there is objective evidence of impairment. If any such evidence exists, impairment loss is determined and recognised based on the classification of the financial asset.

(i) *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss.

Financial assets are classified as held for trading if they are acquired for the purpose of selling in the short term, or they are part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent pattern of short-term profit-making. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments or financial guarantee contracts.

Where a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as a financial asset at fair value through profit or loss, except where the embedded derivative does not significantly modify the cash flows or it is clear that separation of the embedded derivative is prohibited.

Financial assets may be designated at initial recognition as at fair value through profit or loss if the following criteria are met:

— the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or recognising gains or losses on them on a different basis; or

— the assets are part of a group of financial assets which are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management strategy and information about the group of financial assets is provided internally on that basis to the key management personnel; or

— the financial asset contains an embedded derivative that would need to be separately recorded.

Subsequent to initial recognition, the financial assets included in this category are measured at fair value with changes in fair value recognised in profit or loss. Fair value is determined by reference to active market transactions or using a valuation technique where no active market exists. Fair value gain or loss does not include interest earned on these financial assets. Interest income is recognised in accordance with the Group's policies in note 3.6 to this Financial Information.

(ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are subsequently measured at amortised cost using the effective interest method, less any impairment losses. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction cost.

(iii) *Available-for-sale financial assets*

Non-derivative financial assets that do not qualify for inclusion in any of the other categories of financial assets are classified as available-for-sale financial assets.

All financial assets within this category are subsequently measured at fair value. Gain or loss arising from a change in the fair value excluding any dividend and interest income is recognised in other comprehensive income and accumulated separately in the available-for-sale financial assets revaluation reserve in equity, except for impairment losses (see the policy below) and foreign exchange gains and losses on monetary assets, until the financial asset is derecognised, at which time the cumulative gain or loss is reclassified from equity to profit or loss. Interest calculated using the effective interest method is recognised in profit or loss.

The fair value of available-for-sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of reporting period. The change in fair value attributable to translation differences that result from a change in amortised cost of the asset is recognised in profit or loss, and other changes are recognised in other comprehensive income.

For available-for-sale investments in equity securities that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment at the end of each reporting period subsequent to initial recognition.

Impairment of financial assets

At the end of each reporting period, financial assets other than at fair value through profit or loss are reviewed to determine whether there is any objective evidence of impairment.

Objective evidence of impairment of individual financial assets includes observable data that comes to the attention of the Group about one or more of the following loss events:

(i) significant financial difficulty of the debtor;

(ii) a breach of contract, such as a default or delinquency in interest or principal payments;

(iii) it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;

(iv) significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and

(v) a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

Loss events in respect of a group of financial assets include observable data indicating that there is a measurable decrease in the estimated future cash flows from the group of financial assets. Such observable data includes but not limited to adverse changes in the payment status of debtors in the group and, national or local economic conditions that correlate with defaults on the assets in the group.

If any such evidence exists, the impairment loss is measured and recognised as follows:

(i) *Financial assets carried at amortised cost*

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The amount of the loss is recognised in profit or loss of the period in which the impairment occurs.

If, in subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that it does not result in a carrying amount of the financial asset exceeding what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss of the period in which the reversal occurs.

(ii) *Available-for-sale financial assets*

When a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income and accumulated in equity and there is objective evidence that the asset is impaired, an amount is removed from equity and recognised in profit or loss as an impairment loss. That amount is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognised in profit or loss.

Reversals in respect of investment in equity instruments classified as available-for-sale and stated at fair value are not recognised in the profit or loss. The subsequent increase in fair value is recognised in other comprehensive income. Impairment losses in respect of debt securities are reversed if the subsequent increase in fair value can be objectively related to an event occurring after the impairment loss was recognised. Reversal of impairment losses in such circumstances are recognised in profit or loss.

(iii) *Financial assets carried at cost*

The amount of impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

Financial assets including trade receivables that are stated at amortised cost, impairment losses are written off against the corresponding assets directly. Where the recovery of trade receivables is considered doubtful but not remote, the impairment losses for doubtful receivables are recorded using an allowance account. When the Group is satisfied that recovery of trade receivables is remote, the amount considered irrecoverable is written off against trade receivables directly and any amounts held in the allowance account in respect of that receivable are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

Impairment losses recognised in an interim period in respect of available for sale equity securities and unquoted equity securities carried at cost are not reversed in a subsequent period. Consequently, if the fair value of an available for sale equity security increases in the remainder of an annual period, or in a subsequent period, the increase is recognised in other comprehensive income.

3.9 Financial liabilities

The Group's financial liabilities include trade and other payables, amounts due to related companies, and dividend payable.

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. All interest related charges are recognised as an expense in finance costs in profit or loss. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in profit or loss.

Trade and other payables, amounts due to directors and related companies are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

3.10 Cash and cash equivalents

Cash and cash equivalents include cash at bank and cash in hand, demand deposits with banks and short term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows presentation, cash and cash equivalents include bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

3.11 Accounting for income taxes

Income tax comprises current and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the end of reporting period. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in the profit or loss.

Deferred tax is calculated using the liability method on temporary differences at the end of reporting period between the carrying amounts of assets and liabilities in the financial statements and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit, including existing taxable temporary difference, will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss.

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realised, provided they are enacted or substantively enacted at the end of reporting period.

Changes in deferred tax assets or liabilities are recognised in the profit or loss, or in other comprehensive income or directly in equity if they relate to items that are charged or credited to other comprehensive income or directly in equity.

Current tax assets and current tax liabilities are presented in net if, and only if,

(a) the Group has the legally enforceable right to set off the recognised amounts; and

(b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Group presents deferred tax assets and deferred tax liabilities in net if, and only if,

(a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and

(b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same tax authority on either:

    (i) the same taxable entity; or

    (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

3.12 Share capital

Ordinary shares are classified as equity. Share capital is determined using the nominal value of the total shares that have been issued.

Any transaction costs associated with the issuing of shares are deducted from the proceeds (net of any related income tax benefits) to the extent they are incremental costs directly attributable to the equity transaction.

3.13 Provisions and contingent liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation. All provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

Where it is improbable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future uncertain events not wholly within the control of the Group are also disclosed as contingent liabilities unless the probability of outflow of the economic benefits is remote.

3.14 Leases

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the 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 a 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 the Group under leases which transfer to the 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 the Group are classified as operating leases.

Operating lease charges as the lessee

Where the 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.

3.15 Retirement benefit costs and short term employee benefits

Defined contribution plan

The Group operates a defined contribution retirement benefit plan (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the laws of Hong Kong), for all of its employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme, except for the Group's employer voluntary contributions, which are refunded to the Group when the employee leaves employment prior to the contributions vesting fully, in accordance with the rules of the MPF Scheme.

Short-term employee benefits

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of reporting period.

Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

3.16 Related parties

For the purpose of the Financial Information, a party is considered to be related to the Group if:

(i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating policy decisions, or has joint control over the Group;

(ii) the Group and the party are subject to common control;

(iii) the party is an associate of the Group or a joint venture in which the Group is a venturer;

(iv) the party is a member of the key management personnel of the Group, or the Group's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;

(v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or

(vi) the party is a post-employment benefit plan which is for the benefit of employees of the Group or of any entity that is a related party of the Group.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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.

The Group makes 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 a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Depreciation

The Group depreciates the property, plant and equipment in accordance with the accounting policies stated in note 3.4. The estimated useful lives reflect the directors' estimates of the periods that the Group intends to derive future economic benefits from the use of these assets.

(ii) Impairment of receivables

The policy for the impairment of receivables is based on the evaluation of collectibility and on the 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.

(iii) 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. The Group recognises 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 in the period in which such determination is made.

(iv) Impairment of non-financial assets

The Group assesses 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, 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.

(v) Revenue recognition

The Group assesses its business relationships with customers and determines that it is 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 to report those revenue on a net basis.

5. REVENUE AND OTHER INCOME AND SEGMENT INFORMATION

Revenue, which is also the Group's turnover, represents the service income from the sales of air tickets, hotel accommodation and other travel related products and incentive income. An analysis of the Group's revenue and other income is as follows:

	Year ended 31 March		
	2009	**2010**	**2011**
	HK$'000	*HK$'000*	*HK$'000*
Revenue	166,813	168,538	204,842
Other income			
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
Total revenue and other income	168,929	170,666	207,092

Gross Sales Proceeds

Gross sales proceeds from the sales of air tickets, hotel accommodation and other travel related products, which does not represent revenue, comprising the price at which products have been sold inclusive of any service fees are as follows:

	Year ended 31 March		
	2009	**2010**	**2011**
	HK$'000	*HK$'000*	*HK$'000*
Gross sales proceeds	1,016,068	1,025,637	1,285,036

Segment Information

The Group has identified its operating segment based on the regular internal financial information reported to the Group's executive directors for their decisions about resources allocation and review of performance. The only component in the internal reporting to the Group's executive directors is the Group's travel agency business which comprises the service income from the sales of travel packages including air tickets, hotel accommodation and other travel related products. In addition, the customers of the Group, based on the location at which the services were provided, are from Hong Kong and no revenue from transactions with a single customer amounts to 10 per cent or more of the Group's revenue. Accordingly, no segment disclosures are disclosed or required to be disclosed.

6. PROFIT BEFORE INCOME TAX

	Year ended 31 March		
	2009	**2010**	**2011**
	HK$'000	*HK$'000*	*HK$'000*
Profit before income tax is arrived at after charging/(crediting):			
Auditors' remuneration	164	210	500
Depreciation*	3,093	2,515	3,311
Loss on disposal of property, plant and equipment	—	27	28
Net fair value (gain)/loss on financial assets at fair value through profit or loss	(473)	(268)	282
Net foreign exchange gain	(497)	(1,198)	(490)
Provision for impairment of trade receivables	36	23	—
Operating leases in respect of leasehold premises			
- Minimum leases payments	24,662	25,147	28,456
- Contingent rents**	35	3	31
	24,697	25,150	28,487
Operating leases in respect of office equipment	389	389	431
Staff costs (excluding directors' remuneration (note 10)):			
- Wages and salaries	72,694	75,020	92,912
- Retirement scheme contribution	2,915	3,090	3,668
	75,609	78,110	96,580

* Depreciation expenses have been included in:

— selling and distribution costs approximately of HK$2,403,000, HK$2,068,000, and HK$2,694,000 for the years ended 31 March 2009, 2010 and 2011 respectively; and

— administrative expenses approximately of HK$690,000, HK$447,000, and HK$617,000 for the years ended 31 March 2009, 2010 and 2011 respectively.

** The contingent rents are determined based on certain percentage of the gross sales of the relevant shops when the sales meet certain specified level.

7. INCOME TAX EXPENSE

	Year ended 31 March		
	2009	**2010**	**2011**
	HK$'000	*HK$'000*	*HK$'000*
Current tax — Hong Kong			
- Tax for the year	6,386	6,099	7,220
- Over provision in respect of prior years	(57)	—	—
Total income tax expense	6,329	6,099	7,220

Note: Hong Kong profits tax has been provided at the rate of 16.5% for each of the years ended 31 March 2009, 2010 and 2011 on the estimated assessable profits.

Reconciliation between income tax expense and accounting profit at applicable tax rate is as follows:

	Year ended 31 March		
	2009	**2010**	**2011**
	HK$'000	*HK$'000*	*HK$'000*
Profit before income tax	37,715	36,259	38,329
Tax calculated at the rates applicable to profits in the tax jurisdiction concerned	6,223	5,983	6,324
Tax effect of non-deductible items	38	84	504
Tax effect of non-taxable items	(89)	(44)	(64)
Tax effect of unused tax losses not recognised	2	10	246
Tax effect of prior year's unrecognised tax losses utilised this year	—	(2)	—
Tax effect of taxable temporary differences not recognised	212	68	210
Over provision in prior year	(57)	—	—
Income tax expense	6,329	6,099	7,220

The Government of Hong Kong Special Administrative Region enacted a reduction in the Profits Tax Rate from 17.5% to 16.5% with effect from the year of assessment 2008/2009.

No deferred tax has been provided in the Financial Information as there are no material temporary differences as at the end of Relevant Periods.

The Group has unrecognised tax losses of approximately HK$11,000, HK$58,000 and Nil, for the years ended 31 March 2009, 2010 and 2011 respectively to offset against future taxable income. These tax losses do not expire under current legislation.

8. DIVIDENDS

No dividends has been paid or declared by the Company since its date of incorporation. The dividends proposed by TEEL to TEHL before it became a subsidiary of the Company during the Relevant Periods are summarised as follows:

	Year ended 31 March		
	2009	**2010**	**2011**
	HK$'000	*HK$'000*	*HK$'000*
Interim dividend	2,000	14,080	47,012
Special dividends	—	70,002	—
Proposed final dividend	—	8,000	—
	2,000	92,082	47,012

The dividends approved and declared by TEEL to TEHL before it became a subsidiary of the Company during the Relevant Periods are summarised as follows:

	Year ended 31 March		
	2009	**2010**	**2011**
	HK$'000	*HK$'000*	*HK$'000*
Interim dividend	2,000	14,080	47,012
Special dividends	—	70,002	—
Final dividend	—	—	8,000
	2,000	84,082	55,012

Pursuant to the resolution dated 19 July 2008, TEEL declared an interim dividend in a total amount of approximately HK$2,000,000 for the year ended 31 March 2009.

Pursuant to the resolution dated 24 November 2009, 9 December 2009, 11 January 2010, 29 January 2010 and 26 February 2010, TEEL declared an interim dividend and special dividends in a total amount of approximately HK$14,080,000 and HK$70,002,000 for the year ended 31 March 2010.

Pursuant to the resolution dated 15 April 2010, TEEL declared a final dividend in a total amount of approximately HK$8,000,000 for the year ended 31 March 2010. The amount has not been recognised as a liability as at 31 March 2010, but reflected as an appropriation of retained earnings for the year ended 31 March 2010.

Pursuant to the resolution dated 30 September 2010, 30 December 2010 and 30 March 2011, TEEL declared an interim dividend in a total amount of approximately HK$47,012,000 for the year ended 31 March 2011.

The rates of dividends and the number of shares ranking for dividends are not presented as such information are not meaningful for the purpose of this report.

9. EARNINGS PER SHARE

The calculations of basic earnings per share for the years ended 31 March 2009, 2010 and 2011 are based on the profit attributable to the owners of the Company of approximately HK$31,386,000, HK$30,160,000 and HK$31,109,000 respectively, and on 400,000,000 shares, the number of shares of the Company immediately after the Reorganisation and the Capitalisation Issue as detailed in Appendix V to the Prospectus but excluding any share to be issued pursuant to the public offering, had been effective on 1 April 2008 and were outstanding throughout the Relevant Periods.

No diluted earnings per share is presented as there was no potential ordinary share in existence during the Relevant Periods.

10. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

(a) Directors' emoluments

Directors' emoluments disclosed pursuant to the Listing Rules and Section 161 of the Hong Kong Companies Ordinance, are as follows:

	Fees	Salaries, allowances and other benefits	Discretionary bonuses	Retirement scheme contribution	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31 March 2009					
Executive directors					
Ko, Wai Ming Daniel	—	—	—	—	—
Cheng, Hang Fan	—	—	—	—	—
Kam, Tze Ming Alfred	—	—	—	—	—
	—	—	—	—	—
Independent non-executive directors					
Mak King Sau	—	—	—	—	—
Yung, Ha Kuk Victor	—	—	—	—	—
Szeto, Chi Man	—	—	—	—	—
	—	—	—	—	—
	—	—	—	—	—

	Fees	Salaries, allowances and other benefits	Discretionary bonuses	Retirement scheme contribution	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31 March 2010					
Executive directors					
Ko, Wai Ming Daniel	—	675	—	9	684
Cheng, Hang Fan	—	270	107	6	383
Kam, Tze Ming Alfred	—	—	—	—	—
	—	945	107	15	1,067
Independent non-executive directors					
Mak King Sau	—	—	—	—	—
Yung, Ha Kuk Victor	—	—	—	—	—
Szeto, Chi Man	—	—	—	—	—
	—	—	—	—	—
	—	945	107	15	1,067

	Fees	Salaries, allowances and other benefits	Discretionary bonuses	Retirement scheme contribution	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31 March 2011					
Executive directors					
Ko, Wai Ming Daniel	684	—	—	—	684
Cheng, Hang Fan	—	600	240	12	852
Kam, Tze Ming Alfred	—	1,351	82	11	1,444
	684	1,951	322	23	2,980
Independent non-executive directors					
Mak King Sau	—	—	—	—	—
Yung, Ha Kuk Victor	—	—	—	—	—
Szeto, Chi Man	—	—	—	—	—
	—	—	—	—	—
	684	1,951	322	23	2,980

In addition to the directors' emoluments as disclosed in pursuant to the Listing Rules and Section 161 of the Hong Kong Companies Ordinance above, certain directors of the Company are also the beneficial owners of certain related companies which have transactions with the Group during the Relevant Periods. Details of these transactions were set out in note 30.

(b) Five highest paid individuals

The five highest paid individuals of the Group during the Relevant Periods are analysed as follows:

	Year ended 31 March		
	2009	**2010**	**2011**
	Number of individuals	*Number of individuals*	*Number of individuals*
Directors	—	1	2
Non-director, highest paid individuals	5	4	3
	5	5	5

Details of the remuneration of the above non-director, highest paid individuals during the Relevant Periods are as follows:

	Year ended 31 March		
	2009	**2010**	**2011**
	HK$'000	*HK$'000*	*HK$'000*
Salaries and other emoluments	2,728	2,408	2,011
Discretionary bonuses	544	445	419
Retirement scheme contribution	60	48	36
	3,332	2,901	2,466

The number of these non-director, highest paid individuals fell within the following emolument band:

	Year ended 31 March		
	2009	**2010**	**2011**
	Number of individuals	*Number of individuals*	*Number of individuals*
Nil — HK$1,000,000	5	4	3

During the Relevant Periods, no emoluments were paid by the Group to any directors or any of the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office. There were no arrangements under which a director waived or agreed to waive any emolument during the Relevant Periods.

11. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvement	Office equipment	Furniture and fixtures	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2008				
Cost	4,153	3,115	2,797	10,065
Accumulated depreciation	(2,718)	(1,955)	(2,202)	(6,875)
Net book amount	1,435	1,160	595	3,190
Year ended 31 March 2009				
Opening net book amount	1,435	1,160	595	3,190
Additions	705	898	396	1,999
Depreciation	(1,290)	(1,208)	(595)	(3,093)
Closing net book amount	850	850	396	2,096
At 31 March 2009 and 1 April 2009				
Cost	4,539	4,009	3,179	11,727
Accumulated depreciation	(3,689)	(3,159)	(2,783)	(9,631)
Net book amount	850	850	396	2,096
Year ended 31 March 2010				
Opening net book amount	850	850	396	2,096
Additions	1,463	1,322	369	3,154
Disposals	(27)	—	—	(27)
Depreciation	(1,054)	(1,029)	(432)	(2,515)
Closing net book amount	1,232	1,143	333	2,708
At 31 March 2010 and 1 April 2010				
Cost	5,859	5,275	3,547	14,681
Accumulated depreciation	(4,627)	(4,132)	(3,214)	(11,973)
Net book amount	1,232	1,143	333	2,708

	Leasehold improvement	Office equipment	Furniture and fixtures	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31 March 2011				
Opening net book amount	1,232	1,143	333	2,708
Additions	3,505	924	603	5,032
Disposals	—	(9)	(19)	(28)
Depreciation	(1,794)	(1,112)	(405)	(3,311)
Closing net book amount	2,943	946	512	4,401
At 31 March 2011				
Cost	9,029	5,456	2,701	17,186
Accumulated depreciation	(6,086)	(4,510)	(2,189)	(12,785)
Net book amount	2,943	946	512	4,401

12. AVAILABLE-FOR-SALE FINANCIAL ASSETS

Avaliable-for-sale financial assets as at 31 March 2011 represented the unlisted overseas mutual funds. The fair value of the Group's investments in available-for-sale financial assets has been measured as described in note 28(ii).

13. INTERESTS IN SUBSIDIARIES

Company

	At 31 March	
	2010	**2011**
	HK$'000	*HK$'000*
Non-current assets		
Unlisted shares, at cost	—	—
Current liabilities		
Amounts due to subsidiaries	2,230	4,603

The particulars of the subsidiaries comprising the Group are disclosed in note 1 above.

Amounts due to subsidiaries are unsecured, interest-free and repayable on demand.

14. INVENTORIES

The inventories were carried at lower of cost and net realisable value and represent principally tickets and general stores which are to be utilised in the ordinary course of operations.

15. TRADE RECEIVABLES

	At 31 March		
	2009	**2010**	**2011**
	HK$'000	*HK$'000*	*HK$'000*
Trade receivables	7,732	8,316	5,264
Less: provision for impairment of trade receivables	(36)	(59)	—
Trade receivables - net	7,696	8,257	5,264

The directors of the Group consider that the fair values of trade receivables are not materially different from their carrying amounts because these balances have short maturity periods on their inception.

The ageing analysis of trade receivables, based on the invoice dates, as at the end of each of the Relevant Periods, net of impairment provision, is as follows:

	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

The Group has a policy of allowing customers with credit normally within 30 days. Overdue balances are reviewed regularly by the Group's management.

The movement in the provision for impairment of trade receivables is as follows:

	Year ended 31 March		
	2009	**2010**	**2011**
	HK$'000	*HK$'000*	*HK$'000*
Balance at the beginning of the year	—	36	59
Amount written off during the year	—	—	(59)
Impairment loss recognised	36	23	—
Balance at the end of the year	36	59	—

At the end of each of the Relevant Periods, the Group reviews receivables for evidence of impairment on both an individual and collective basis. As at 31 March 2009, 2010 and 2011, the Group has determined trade receivables of approximately HK$36,000, HK$59,000 and Nil, as individually impaired respectively. Based on this assessment, impairment loss of approximately HK$36,000, HK$23,000 and Nil has been recognised for each of the years ended 31 March 2009, 2010 and 2011 respectively. The impaired trade receivables are due from customers experiencing financial difficulties that were in default or delinquency of payments.

The Group did not hold any collateral as security or other credit enhancements over the impaired trade receivables, whether determined on an individual or collective basis.

The ageing analysis of the Group's trade receivables that are not impaired, based on due date, is as follows:

	At 31 March		
	2009	**2010**	**2011**
	HK$'000	*HK$'000*	*HK$'000*
Neither past due nor impaired	6,499	6,377	4,623
Not more than 3 months past due	1,197	1,880	641
	7,696	8,257	5,264

Trade receivables that were neither past due nor impaired related to a wide range of customers for whom there was no recent history of default.

Trade receivables that were past due but not impaired related to a large number of diversified customers that had a good track record of credit with the Group. Based on past credit history, management believe that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered to be fully recoverable. The Group did not hold any collateral in respect of trade receivables past due but not impaired.

16. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

Group

	At 31 March		
	2009	**2010**	**2011**
	HK$'000	*HK$'000*	*HK$'000*
Prepayments	1,535	4,048	3,526
Deposits	20,112	11,945	15,883
Deposit paid for purchase of property, plant and equipment	—	—	2,150
Other receivables	2,161	3,988	14,989
	23,808	19,981	36,548
Less: Portion due within one year included under current assets	(23,808)	(19,981)	(34,398)
Non-current portion include under non-current assets	—	—	2,150

Company

	At 31 March	
	2010	**2011**
	HK$'000	*HK$'000*
Prepayments	2,129	2,295

As at 31 March 2009, 2010 and 2011, amounts due from directors of the subsidiaries of approximately HK$34,000, Nil and Nil respectively were included as other receivables of the Group.

The financial assets included in the above balances relate to receivables for which there was no recent history of default. None of these financial assets is either past due or impaired.

17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss as at 31 March 2009 represented the dual currency investment where the amounts recoverable at maturity are linked to the exchange rates of foreign currencies on the maturity date. The return is determined by reference with the exchange rates of foreign currencies as stated in the contracts. The fair value of the dual currency investment has been measured as described in note 28(ii).

	Principal amount	**Original maturity**	**Reference foreign currency exchange rate**
	HK$		
Dual currency investment	800,000	14 days	HK$1:JPY12.67

Financial assets at fair value through profit or loss as at 31 March 2010 represented the equity securities listed in Hong Kong. The fair values of the listed investments held for trading are determined based on the quoted market bid prices available on the relevant exchanges.

18. AMOUNT DUE FROM A DIRECTOR

Details of amount due from a director disclosed pursuant to section 161B of the Hong Kong Companies Ordinance are as follows:

Name of a director	:	Cheng Hang Fan
Amount outstanding at		
1 April 2008	:	HK$597,000
31 March 2009 and 1 April 2009	:	HK$118,000
31 March 2010 and 1 April 2010	:	HK$518,000
31 March 2011	:	Nil
Maximum amount outstanding during		
the year ended 31 March 2009	:	HK$597,000
the year ended 31 March 2010	:	HK$518,000
the year ended 31 March 2011	:	HK$518,000

The balances with the director are unsecured, interest-free and repayable on demand.

19. BALANCES WITH RELATED COMPANIES

The information required by section 161B of the Hong Kong Companies Ordinances in relation to the amounts due from related companies are as follows:

Name of the company	:	Central City International Limited	Kowen Holdings Limited	Travel Expert (Holdings) Limited	Evergood Holdings Limited	Total
Directors connected with a related company	:	Cheng Hang Fan Ko Wai Ming, Daniel	Cheng Hang Fan Ko Wai Ming, Daniel	Cheng Hang Fan Ko Wai Ming, Daniel	Cheng Hang Fan Ko Wai Ming, Daniel	
Amount outstanding at						
1 April 2008	:	HK$46,207,000	Nil	HK$6,000	Nil	HK$46,213,000
31 March 2009 and 1 April 2009	:	HK$39,820,000	Nil	HK$6,000	HK$4,189,000	HK$44,015,000
31 March 2010 and 1 April 2010	:	HK$(247,000)	HK$(3,332,000)	Nil	Nil	HK$(3,579,000)
31 March 2011	:	Nil	Nil	Nil	Nil	Nil
Maximum amount outstanding during the year ended						
31 March 2009	:	HK$57,501,000	Nil	HK$6,000	HK$14,189,000	
31 March 2010	:	HK$58,548,000	Nil	HK$6,000	HK$13,319,000	
31 March 2011	:	Nil	Nil	Nil	Nil	

The balances with related companies are unsecured, interest-free and repayable on demand, except for approximately HK$32,000,000 due from Central City International Limited which bears interest at 1% per annum as at 31 March 2009.

20. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

Group

	At 31 March		
	2009	**2010**	**2011**
	HK$'000	*HK$'000*	*HK$'000*
Cash deposits in banks and financial institutions	48,201	75,828	90,351
Short-term deposits in banks and a financial institution	22,770	7,451	4,549
	70,971	83,279	94,900
Less: Pledged deposits	(1,567)	(321)	(34)
Cash and cash equivalents as stated in the statement of financial position	69,404	82,958	94,866
Less: Short-term deposits with an original maturity of more than three months	(863)	—	—
Cash and cash equivalents per the statement of cash flows	68,541	82,958	94,866

Company

	At 31 March	
	2010	**2011**
	HK$'000	*HK$'000*
Cash deposits in a bank	3,750	95

Cash at banks and financial institutions earn interest at floating rates based on daily deposit rates. Short-term deposits in banks and a financial institution are made for varying periods of between one day and four months depending on the immediate cash requirement of the Group, and earn interest at respective short-term deposit rates, ranging from 0.00% to 4.44% per annum.

As at 31 March 2009, 2010 and 2011, certain deposits of the Group in a bank and a financial institution amounted to approximately HK$1,567,000, HK$321,000 and HK$34,000 were pledged to the bank and the financial institution for credit and banking facilities granted to the Group.

21. TRADE PAYABLES

The Group was granted by its suppliers for credit periods normally within 30 days. The ageing analysis of the trade payables, based on the invoice dates, were as follows:

	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

The trade payables are short terms and hence the carrying values of the Group's trade payables are considered to be a reasonable approximation of fair value.

22. ACCRUED CHARGES, DEPOSITS RECEIVED AND OTHER PAYABLES

Group

	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

Company

	At 31 March	
	2010	**2011**
	HK$'000	*HK$'000*
Accrued charges	—	129
Other payables	418	—
	418	129

As at 31 March 2009, 2010 and 2011, amounts due to directors of the subsidiaries of approximately HK$31,000, HK$418,000 and Nil were included as other payables of the Group.

23. SHARE CAPITAL

The Company was incorporated in Cayman Islands on 18 November 2009. At the date of incorporation, the authorised share capital of the Company was HK$390,000 divided into 39,000,000 ordinary shares of HK$0.01 each. On 18 November 2009, 1 subscriber's share was issued to Codan Trust Company (Cayman) Limited, the initial subscriber of the Company, at Nil paid which was then transferred to Mrs. Ko on the same date. Pursuant to the written resolutions passed by the Company's shareholder dated 6 September 2011, the authorised share capital of the Company was increased from HK$390,000 to HK$20,000,000 by the creation of an additional 1,961,000,000 shares to rank *pari passu* with the existing shares in all respects.

24. RESERVES

Details of the movements on the Group's reserves are as set out in the combined statements of changes in equity of this report.

Merger reserve

The merger reserve of the Group represents the difference between the investment cost in subsidiaries of TEEL and the nominal value of the issued share capital of the Group's subsidiaries.

Capital reserve

Capital reserve represents the settlement balances upon the transfer of the Non-core Operations arising from the Reorganisation as detailed in note 1 above.

25. FINANCIAL GUARANTEE CONTRACTS/CONTINGENT LIABILITIES

The Group provided corporate cross-guarantees of approximately HK$51,584,000 as at 31 March 2009 and 2010 to the bank in connection with banking facilities granted by the bank to the Group and a related company. Under the guarantees, the Group would be liable to pay the bank if the bank is unable to recover the loans from the related company. 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.

26. BANKING FACILITIES

The Group's credit and banking facilities were secured by:

(i) charges over the investment properties of a related company with its aggregate carrying amounts as at 31 March 2009 and 2010 amounting to approximately HK$88,000,000 and HK$101,000,000 respectively, and rental assignment of these investment properties;

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

(iii) cross-guarantees among certain subsidiaries of the 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 ex-director of the subsidiaries, Ms. Chang, to the extent of approximately HK$51,584,000 as at 31 March 2009 and 2010;

(vi) a guarantee from directors, Mr. Ko and Mrs. Ko, to the extent of approximately HK$50,000,000 as at 31 March 2011. On 21 March 2011, one of the lending banks agreed to release the guarantee provided by Mr. Ko and Mrs. Ko for HK$50,000,000 on or about the Listing subject to the Company providing a corporate guarantee to replace Mr. Ko's and Mrs. Ko's guarantee; and

(vii) certain deposits pledged which amounted to approximately HK$1,567,000, HK$321,000 and HK$34,000 (note 20) as at 31 March 2009, 2010 and 2011 respectively.

Subsequent to the Relevant Periods, on 20 June 2011, the Group obtained another banking facilities of HK$21,000,000 from a bank. These facilities were secured by a corporate guarantee of a subsidiary of the Group amounting to approximately HK$21,000,000 and a legal charge over a property acquired by the Group after the reporting date.

27. COMMITMENTS

Operating lease commitments

The 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 renegotiated the terms at the expiry dates or at dates mutually agreed between the Group and the landlords. In addition to the fixed rentals, pursuant to the terms of certain rental agreements, the Group has to pay a rental based on certain percentage of the gross sales proceeds of the relevant shop when the sales meets certain specified level.

Group

At the end of each of the Relevant Periods, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	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

Company

As at 31 March 2010 and 2011, the Company did not have any operating lease commitment.

Capital commitments

Group

	At 31 March		
	2009	**2010**	**2011**
	HK$'000	*HK$'000*	*HK$'000*
Property, plant and equipment:			
- Contracted but not provided for	—	—	40,850

Company

As at 31 March 2010 and 2011, the Company does not have any significant capital commitments.

28. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT

The main risks arising from the Group's financial instruments are market risk (including principally changes in interest rates and currency exchange rates), credit risk and liquidity risk. The board of directors reviews and agrees policies each of these risks and they are summarised below. Generally, the Group employs conservative strategy regarding its risk management.

(i) Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group. The maximum exposure to credit risk of the financial assets at the end of each of the Relevant Periods are summarised in note (vi) below.

The Group has entered into a financial guarantee contract in which it has guaranteed the bank the repayment of loan by a related company of the Group. The Group has the obligation to compensate the bank for the loss it would suffer if the related company fails to repay. The Group's maximum exposure under the financial guarantee contract was approximately HK$51,584,000 as at 31 March 2009 and 2010, and HK$50,000,000 as at 31 March 2011.

In the opinion of the directors, the Group and the Company do not have significant credit risk exposure because:

- The cash balances of the Group and the Company are mainly deposited with the banks and reputable financial institutions; and
- The 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.

In general, there is no requirement for collateral by the Group or the Company.

(ii) Fair value measurements recognised in the statement of financial position

The Group adopted the amendments to HKFRS 7 *Improving Disclosures about Financial Instruments* effective from 1 January 2009 throughout the Relevant Periods. These amendments introduce a three-level hierarchy for fair value measurement disclosures and additional disclosures about the relative reliability of fair value measurements.

The following table presents financial assets measured at fair value in the statement of financial position in accordance with the fair value hierarchy. The hierarchy groups financial assets and liabilities into three levels based on the relative reliability of significant inputs used in measuring the fair value of these financial assets and liabilities. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities;

- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level in the fair value hierarchy within which the financial asset or liability is categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement.

The financial assets measured at fair value in the statement of financial position is grouped into the fair value hierarchy as follows:

Group

		At 31 March 2009			
		Level 1	**Level 2**	**Level 3**	**Total**
	Note	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Assets					
Financial assets at fair value through profit or loss					
- Dual currency investment	(a)	—	795	—	795

		At 31 March 2010			
		Level 1	**Level 2**	**Level 3**	**Total**
	Note	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Assets					
Financial assets at fair value through profit or loss					
- Listed securities	(b)	55	—	—	55

		At 31 March 2011			
		Level 1	**Level 2**	**Level 3**	**Total**
	Note	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Assets					
Available-for-sale financial assets					
Unlisted overseas mutual funds	(c)	—	7,856	—	7,856

There have been no transfers between levels 1 and 2 during the Relevant Periods.

The methods and valuation techniques used for the purpose of measuring fair value are unchanged during the Relevant Periods.

(a) ***Dual currency investment***

The fair value of the dual currency investment is determined by quotes of similar products on Telekurs, a financial data vendor with its specialists gather information from all the world's major trading venues directly and in real-time, and other available price sources in the market.

(b) ***Listed securities***

The listed equity securities are denominated in Hong Kong dollars. Fair values have been determined by reference to their quoted bid prices at the end of reporting periods.

(c) ***Unlisted overseas mutual funds***

The unlisted overseas mutual funds are denominated in US dollars. Fair values have been determined by reference to their quoted net assets value available on Bloomberg, a financial software, news and data company, at the end of reporting period and have been translated using the foreign currency rates at the end of each of the Relevant Periods where appropriate.

The fair value of the Group's other current financial assets and liabilities carried at amortised costs are not materially different from their carrying amounts because of the immediate or short term maturity.

(iii) Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk mainly arises on deposits in banks and financial institutions which are at floating rates (note 20). The 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.

Interest rate sensitivity

The following table illustrates the sensitivity of the Group's profit for the year and equity to a possible change in the following interest rates with effect from the beginning of the year. The assumed changes have no impact on the Group's other components of equity.

Group

	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)

Company

	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 2010	+1%	38	0%	—
31 March 2011	+1%	1	-1%	(1)

The assumed changes in interest rates represent management's assessment of a reasonably possible change in interest rates over the period until the end of the next annual reporting period.

(iv) Foreign currency risk

Currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group has foreign currency exposures. Such exposures arise from the balance of assets and liabilities in currencies other than the functional currency of the Group's entities. The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of each of the Relevant Periods are as follows:

Group

	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

The Group's policy requires the management monitors foreign exchange exposure by closely monitoring the movement of foreign currency rate and may enter into foreign currency options or forward contract, when and where appropriate.

As US$ is pegged to HK$, at a range of US$1:HK$7.75-7.85, the Group does not expect any significant movements in the US$/HK$ exchange rates. No sensitivity analysis in respect of the 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 insignificant movement in the US$/HK$ exchange rates as at the end of reporting periods.

The following table illustrates the sensitivity of the Group's profit after tax for the year and equity during the Relevant Periods in regards to a 5% appreciation in the functional currencies of the 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.

The sensitivity analysis of the Group's exposure to foreign currency risk at the end of reporting periods has been determined based on the assumed percentage changes in foreign currency exchange rates taking place at the beginning of the financial year and held constant throughout the year.

	Effect on profit for the year and equity 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)

The same percentage depreciation in the functional currencies of the Group's entities against the respective foreign currencies would have the same magnitude on the Group's profit for the year and equity but of opposite effect.

Company

The Company's exposure to foreign currency risk is minimal as the Company holds most of its financial assets/liabilities in its own functional currency.

(v) Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its current financial liabilities. The Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations, mitigate the effects of fluctuations in cash flows and compliance with its covenants of the credit and banking facilities. The Group relies on internally generated funding and available banking facilities to the Group as significant sources of liquidity.

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

Group

	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
Financial guarantees issued			
Maximum amount guaranteed	51,584	—	51,584
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
Financial guarantees issued			
Maximum amount guaranteed	51,584	—	51,584

	On demand	Less than three months	Total
	HK$'000	*HK$'000*	*HK$'000*
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
Financial guarantees issued			
Maximum amount guaranteed	50,000	—	50,000

Company

	On demand	Less than three months	Total
	HK$'000	*HK$'000*	*HK$'000*
At 31 March 2010			
Amounts due to subsidiaries	2,230	—	2,230
Amounts due to related companies	3,582	—	3,582
Other payables	418	—	418
	6,230	—	6,230
At 31 March 2011			
Amounts due to subsidiaries	4,603	—	4,603

(vi) Summary of financial assets and liabilities by category

The carrying amounts of the Group's financial assets and liabilities as recognised at the end of reporting periods are also analysed into the following categories. See notes 3.8 and 3.9 for explanations about how the category of financial instruments affects their subsequent measurement.

Group

	At 31 March		
	2009	**2010**	**2011**
	HK$'000	*HK$'000*	*HK$'000*
Financial assets			
Available-for-sale financial assets	—	—	7,856
At fair value through profit or loss			
- Financial assets at fair value through profit or loss	795	55	—
Loans and receivables			
- Trade receivables	7,696	8,257	5,264
- Other receivables	2,161	3,988	14,989
- Amount due from a director	118	518	—
- Amounts due from related companies	44,015	—	—
	53,990	12,763	20,253
Cash and cash equivalents	69,404	82,958	94,866
Pledged deposits	1,567	321	34
	125,756	96,097	123,009
Financial liabilities			
Measured at amortised cost			
- Trade payables	58,972	75,041	87,616
- Other payables	5,169	5,636	5,454
- Amounts due to related companies	1,905	3,579	—
- Dividend payable	—	—	10,000
	66,046	84,256	103,070

Company

	At 31 March	
	2010	**2011**
	HK$'000	*HK$'000*
Financial assets		
Cash and cash equivalents	3,750	95
Financial liabilities		
Measured at amortised cost		
- Amounts due to subsidiaries	2,230	4,603
- Amounts due to related companies	3,582	—
- Other payables	418	—
	6,230	4,603

29. CAPITAL MANAGEMENT

The Group's objectives when managing capital include:

(i) To safeguard the Group's ability to continue as a going concern, so that it continues to provide returns for shareholders and benefits for other stakeholders;

(ii) To support the Group's stability and growth; and

(iii) To provide capital for the purpose of strengthening the Group's risk management capability.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholders returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Group currently does not adopt any formal dividend policy.

The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristic of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend paid to shareholders, return capital to shareholders, issue new shares or raise new debts.

The capital-to-overall financing ratio at the end of reporting periods was as follows:

	At 31 March		
	2009	**2010**	**2011**
	HK$'000	*HK$'000*	*HK$'000*
Capital:			
Total equity	73,430	19,393	21,448
Overall financing:			
Amounts due to related companies	1,905	3,579	—
Capital-to-overall financing ratio	38.5 times	5.4 times	N/A

30. RELATED PARTY TRANSACTIONS

In addition to those disclosed elsewhere including notes 18, 19, 26 and 27 in the Financial Information, the following transactions were carried out by the Group with related parties during the Relevant Periods.

(i) Significant related party transactions during the Relevant Periods

	Year ended 31 March		
	2009	**2010**	**2011**
	HK$'000	*HK$'000*	*HK$'000*
Recurring transactions			
Rental expenses paid to related companies			
- Evergood	340	765	832
- Red & White System Limited ("Red & White")	1,140	1,080	1,140
- Wealth Asia	749	749	735
- CCIL	2,160	1,620	3,083
- Hombest Investment Limited ("Hombest")	—	—	91
	4,389	4,214	5,881
Gross sales proceeds from the sales of products to a related company			
- Colvin & Horne Limited	169	169	4
Gross sales proceeds from the sales of products to key management personnel	72	105	3

	Year ended 31 March		
	2009	**2010**	**2011**
	HK$'000	*HK$'000*	*HK$'000*
Rental deposit paid to related companies included in prepayments, deposits and other receivables (note 1)			
- 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
Non-recurring transactions			
License expenses paid to a related company			
- T.E. (Holdings) Limited	24	24	24
IT expenses paid to a related company			
- 深圳市羅湖區尊業軟件服務部	109	517	561
Management and consultancy fee paid to related companies			
- Colvin & Horne Limited	2,376	—	—
- Wilken Properties Limited (now known as CB Properties Limited)	384	276	—
	2,760	276	—
Management and consultancy fee received from a related company			
- Colvin & Horne Limited	—	110	—
Interest income received from a related company			
- Central City International Limited	320	254	—

Notes:

1 For Evergood, the maximum balance outstanding during each of the years ended 31 March 2009, 2010 and 2011 was HK$255,000.

For Red & White, the maximum balances outstanding during the years ended 31 March 2009, 2010 and 2011 were HK$190,000, HK$285,000 and HK$285,000 respectively.

For Wealth Asia, the maximum balances outstanding during the years ended 31 March 2009, 2010 and 2011 were HK$187,000.

For CCIL, the maximum balances outstanding during the years ended 31 March 2009, 2010 and 2011 were HK$360,000, HK$300,000 and HK$840,000 respectively.

For Hombest, the maximum balance outstanding during the year ended 31 March 2011 was HK$39,000.

2 The directors and/or other key management personnel of the Group, as if they had been at the positions as at 1 April 2008, are directors and/ or ultimate beneficial owners of the related companies.

3 The terms of the above transactions are mutually agreed by the Group and the related companies. The directors are of the opinion that the terms were made in the ordinary course of business on normal commercial basis.

(ii) Compensation of key management personnel

Total remuneration of the Group's directors and other members of key management personnel during the Relevant Periods:

	Year ended 31 March		
	2009	**2010**	**2011**
	HK$'000	*HK$'000*	*HK$'000*
- Short term employee benefits	5,291	6,419	8,554
- Retirement scheme contribution	108	123	117
	5,399	6,542	8,671

31. SUBSEQUENT EVENTS

1. Reorganisation

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

2. Share option schemes

Pursuant to the resolution of the sole shareholder of the Company passed on 31 March 2011, the Company has adopted a Pre-IPO Share Option Scheme (as defined in the Prospectus) and pursuant to the resolution of the shareholders of the Company passed on 6 September 2011, the Company has conditionally adopted a share option scheme. The principal terms of the share option schemes are set out in section headed "Share Option Scheme" and "Pre-IPO Share Option Scheme" respectively in appendix V to the Prospectus. Up to the date of this report, options to subscribe for an aggregate of 23,704,000 shares of the Company have been granted under the Pre-IPO Share Option Scheme by the Company, and which were remained outstanding as at the date of this report.

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of its subsidiaries in respect of any period subsequent to 31 March 2011.

Yours faithfully,
BDO Limited
Certified Public Accountants
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